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NEWS SUMMARY

GENERAL

Two more die in Ulster violence

Two people died and several were hurt in violence in Northern Ireland after the death of hunger striker Thomas McElwee in the Maze Prison, Belfast.

Trouble flared on the eve of yesterday's 10th anniversary of internment without trial in the province. More than 1,000 petrol bombs were hurled at security forces in Republican districts.

In Dublin an attack by Mr Michael O'Leary, Ireland's Deputy Premier, on Mrs Thatcher's handling of the hunger strike, was seen as spotlighting the uneasy state of Anglo-Irish relations.

Soviet training

Soviet naval manoeuvres took place just 30 miles north of Poland's Baltic coast. Back Page: Private hoarding of goods in Poland, Page 2

OFT probe sought

An inquiry by the Office of Fair Trading into petrol price rises pushed through by the big oil companies, is being sought. Back Page

Concorde mishap

A British Airways Concorde made an emergency stop when a tyre burst as it was speeding down a runway in New York for take-off to London. No-one was hurt.

Iran executions

Iranian authorities reported 30 more executions in the crackdown against anti-revolutionary Left-wingers and drug traffickers. Iran move on detainees, Page 2

Israeli visit

Israel's new Defence Minister Ariel Sharon will visit Egypt for three days from August 19 and meet President Anwar Sadat. Mixed Israeli reaction to Fahd plan, Page 2

Tekere removed

Former Zimbabwe Manpower Minister Edgar Tekere, acquitted last year of murdering a white farmer, has been removed as secretary general of the ruling Zanu-PF party. Page 2

Cut jobs, plea

One in four town hall jobs should be axed to help keep British industry afloat, says Jim Proctor, chairman of North Wales CBI.

Aspirin warning

Over-zealous treatment of childish pains and ailments with aspirin can be harmful and even fatal, says medical journal The Lancet.

Brighton violence

Seventy-nine people were arrested after a scooter invasion of Brighton ended in a disco brawl.

Killer escapes

Double killer Alan Reeve used a home-made rope and grappling iron to scale the 20ft walls of Broadmoor special hospital

Squirt freed

A pet iguana named Squirt, which became stuck exploring the cavity wall of a house in Stevenage, Herts., had to be freed by firemen.

Briefly . . .

Christie's is to sell the remaining contents of the Bath Club, Brook Street, London.

Iran's Islamic leaders have banned boxing.

BUSINESS

TUC 'will resist' union curb laws

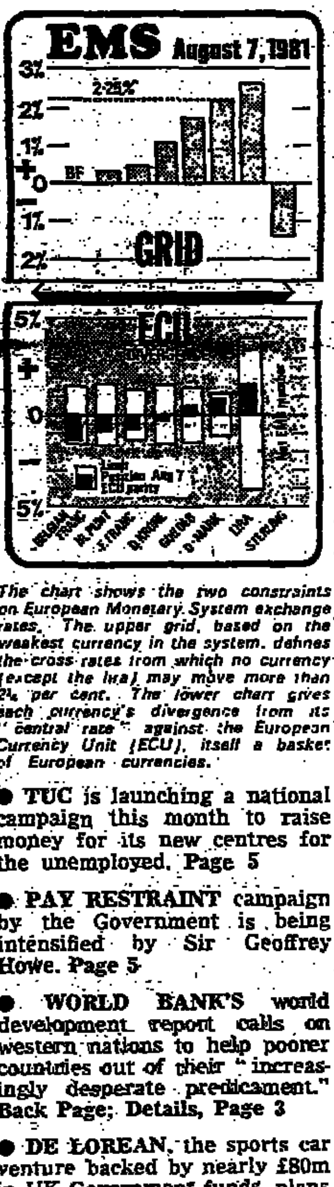
● EMPLOYMENT LAW planned by the Government would not get TUC co-operation, the TUC said in a statement on the Green Paper on trade union immunities. Back Page; Battle looms, Page 5

● DOLLAR'S continued rise built up pressure within the European Monetary System last week. The Bundesbank intervened heavily, selling $531.8m at four days' fixings alone, and this put renewed pressure on the weaker currencies.

The Belgian franc was fixed at its floor level against the D-mark on Friday, and the Bundesbank bought about BFr 140m at the Frankfurt fixing.

The French franc lost ground against the D-mark as well as the dollar, reflecting a lower trend in domestic interest rates.

The Italian lira remained the strongest currency, helped by an influx of foreign currency through the tourist season and tougher controls on currency outflows.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● TUC is launching a national campaign this month to raise money for its new centres for the unemployed. Page 5

● PAY RESTRAINT campaign by the Government is being intensified by Sir Geoffrey Howe. Page 5

● WORLD BANK'S world development report calls on western nations to help poorer countries out of their "increasingly desperate predicament." Back Page; Details, Page 3

● DE LOREAN, the sports car venture backed by nearly £80m in UK Government funds, plans to raise up to $28m from the flotation in the U.S. of the new De Lorean Motors Holding Company. Back Page

● MECHANICAL engineering output is expected to rise by about 4 per cent this year, compared with the 25 per cent improvement that would be necessary to restore sales to 1979 volume. Page 4

● MAN, the West German commercial vehicle and engineering group, has won a major truck order worth DM 270m (£59.5m) from Iraq and Jordan. Page 3

● HONG KONG auction of land that will eventually house a new stock exchange is expected to set a new world record. Page 22

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Kremlin threat as U.S. gives neutron bomb go-ahead

BY DAVID BUCHAN IN WASHINGTON AND OUR MOSCOW CORRESPONDENT

THE SOVIET UNION yesterday condemned President Reagan's decision to begin production of neutron warheads as an "extremely dangerous step" towards nuclear war. It indicated the Kremlin now may feel free to embark on its own neutron program.

The U.S. Administration yesterday was bracing itself also against protests from some of its West European allies.

White House officials, in California with Mr Reagan, who is on holiday, stressed that the warheads would be stockpiled in the U.S. and would not be sent to Europe without full consultation first with Nato allies.

The neutron weapon, which kills by nuclear radiation rather than an explosion, is designed as a short-range battlefield weapon mounted on artillery shells and missiles. As such, it was conceived for the European theatre. Many Nato allies may complain that Mr Reagan's stockpiling decision will create its own pressure for the weapon's deployment along Europe's central front.

The Soviet Union says it expects neutron warheads to appear in Nato's European stockpiles, "enhancing the threat of nuclear war." Kremlin commentators said yesterday that Mr Reagan's handling of the issue was "a brazen challenge" to European public opinion—which persuaded the U.S. three years ago to defer neutron-warhead production—and a clear sign of "rude deception" in the next round of strategic arms talks.

President Leonid Brezhnev foreswore any Soviet production of neutron weapons in April, 1978, after President Jimmy Carter froze the U.S. programme. Tass indicated yesterday that the Kremlin no longer felt bound to observe any such promise.

Without specifically threatening that Moscow would build its own neutron weapons, Tass said: "The Soviet Union cannot remain an indifferent bystander, and will have to give such a response to this challenge as will be demanded by the interests of the security of the Soviet people and their allies."

Mr Reagan's neutron decision, taken last week in an alliance with Mr Caspar *Weinberger, the Defence* Secretary, against Mr Alexander Haig, the Secretary of State, unearths what was a bitter bone of contention inside the Western alliance during the Carter years.

The political impact of the U.S. move will be *felt most* acutely in West Germany, where Chancellor Helmut Schmidt will not welcome any *increase in anti-nuclear sentiment* as he seeks to win his public's acceptance for the basing of U.S. Cruise and Pershing nuclear medium-range missiles from 1983.

South-East companies report economic upturn

By Peter Riddell, Economics Correspondent

THE ECONOMIC upturn in the UK has *begun* and industry can look forward to a steady recovery, according to a survey of manufacturing companies in London and the south east conducted by the London Chamber of Commerce and Industry.

The survey, conducted in June and July, is based on roughly 370 replies, of which more than two-thirds are small companies. There is a heavy concentration in the engineering sector.

The chamber says all evidence points to the end of the recession. Trends both in export and in domestic orders are improving substantially despite a further fall in stocks. Overall, demand is holding up and will strengthen soon as stock levels begin to stabilise.

The survey is likely to arouse considerable interest in view of the recent controversy involving Sir Geoffrey Howe, the *Chancellor, about the economy.*

The findings are distinctly more optimistic than, for example, the recent Confederation of British Industry quarterly trends inquiry.

Howe builds up campaign for lower pay demands, Page 4
Barclays adviser urges real *pay cuts, Page 4*
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This could be because the Chamber of Commerce survey reflects views in London and *the South East. This region* has been less badly affected by the recession and is more resilient than the Midlands and the North. The survey may include some nationwide views from companies which have headquarters in the South East, although respondents are asked to concentrate on performance in the region.

Mr Gabriel Irwin, the chamber's industrial economist, *admits he is surprised by the* results but says he has confidence in them since the survey has had a good track record.

"The results are very promising. They suggest that the upturn is coming sooner and will be more positive than many of us imagined," he says.

The survey shows that a balance of more than 20 per cent of companies expect orders and production levels to increase in the next four months. A balance of 7 per cent recently revised upwards their investment plans.

At the *height of the recession* in November, a balance of 43 per cent of companies reported falling domestic orders

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Opec likely to settle on common $34 price

BY RICHARD JOHNS

THE Organisation of Petroleum Exporting Countries seems set to agree on a common reference price for oil after more than two and a half years of price disarray.

An extraordinary conference will be held in Geneva on August 19 and it is expected to agree a common reference price of $34 a barrel.

The Kuwaiti Government confirmed yesterday that the meeting, called for by the North African producers hit hardest by the glut in the oil market, would be held in 10 days. This means that a compromise on pricing has been worked out, at least *in principle.*

The critical decision lies with Saudi Arabia, Opec's largest producer. It has been maintaining production despite the glut and now accounts for nearly 50 per cent of Opec's total output.

The Kingdom has refused to attend a price meeting for two months unless a successful outcome could be assured. Although no official announcement has come from Riyadh, it *is understood to be prepared to* raise its price from the present $32 a barrel to $34 a barrel, creating a new general reference price.

Differentials for the lighter, premium crudes produced by Libya, Algeria and Nigeria would be held down to produce an upper price limit of $37 a barrel.

In return, Saudi Arabia would reduce its output from 10.3m barrels a day to the 8.5m b/d allowed under its traditional "official ceiling."

This move would relieve the growing hardship of the North *African producers, whose production* has plummeted as a result of slack market conditions and the high output maintained by the Kingdom as a lever to reduce prices charged by other members.

In practice, such a compromise would reduce only *marginally* the average cost of Opec oil, because of the large proportion of production accounted for by Saudi Arabia. Its reference price since the beginning of 1981 has been $32 per barrel, while nearly all other members have charged $36.

Yet for any member of Opec *to agree publicly to lower its* official selling price would be a precedent — and a major concession. Algeria, Libya, and Nigeria are understood to be willing to see the price of their premium crudes fall from a maximum of rather more than $40 per barrel to $37.

The authoritative *Middle East Economic Survey* reports in its latest edition that meetings between Major Abdessalam Jalloud, the right-hand man to Col Muammer Gaddafi in Libya, and representatives of the oil companies in the country proved to be "more of a dialogue *than a confrontation.*"

Opec's most militant member on prices, is understood to have said it is prepared to see its price cut from a maximum of nearly $39 per barrel for its top variety of Libyan crude oil to $37. This follows a slump in its exports from 1.75m b/d early this year to 800,000 b/d.

Nigeria, with more pressing financial requirements, has been harder hit. Its shipments are *down to the same level*, compared with about 2m b/d at the turn of the year.

Agreement on a common reference price cannot be regarded as a foregone conclusion. Dr Ali Abdesalam Tureiki, Libyan Secretary for Foreign Affairs, said yesterday at the end of a tour of the Arab oil-producing states of the Gulf that Saudi Arabia would be pressed at the Opec meeting not only to cut its exports but also to raise its price by $4 per barrel.

But all the other indications are that there will be a compromise. On Saturday, Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil, told reporters: "We hope the issue will be *dealt with objectively to everyone's* economic interest and without anyone suffering."

Dutch banks resume talks on pipeline, Page 3
Pressure for petrol price enquiry, Bak Page

British Gas to pay suppliers more to boost exploration

BY RAY DAFTER

BRITISH GAS Corporation is to pay more for supplies from some North Sea gasfields in a major effort to boost exploration and production.

Producers in the important southern sector of the North Sea are being urged by the corporation to step up drilling and increase output in the winter months of peak demand.

Platform-builders and others in the offshore supplies industry, including British Steel Corporation, should benefit from resurgence of activity in and around the gasfields.

Prices at which the gas is bought are kept a closely guarded secret by both British Gas and its suppliers.

British Gas, a *monopoly* buyer of UK-produced gas, is believed to pay between 3p and 4p a therm under old contracts.

Oil companies have complained that they have had little incentive to invest in further exploration and production.

It is believed that these rates are now being raised to between 5p and 7p a therm through renegotiation.

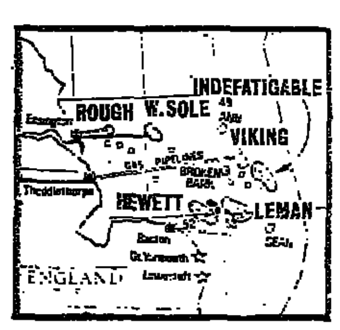
Even at these levels the prices are still well below those offered by British Gas for supplies from fields to the north in more remote, deep-water *parts of the North Sea.*

The Mobil consortium has recently concluded a supply agreement for Beryl Field gas at an estimated 18p a therm.

These prices compare with about 28p per therm which British Gas charges domestic users.

British Gas is renegotiating contracts with oil industry partners in the Leman and Viking Fields.

These negotiations have been made all the more crucial by British Gas's recent failure to buy fresh supplies of methane from Norwegian producers, and by the uncertainties still surrounding the proposed £2.7bn UK gas-gathering pipeline network.



A deal was recently concluded with Shell and Esso which won a substantial increase in the price of all its supplies from the western portion of the Leman Field, one of the biggest offshore gas discoveries in the world.

In return Shell and Esso have agreed to increase the rate of supplies in the winter months.

These companies expect to spend over £50m on boosting production facilities. They recently ordered a small production platform, worth £2.3m as a basic steel structure, from Redpath De Groot Caledonian at Methil, Fife.

Earlier this year British *Petroleum announced that it* was going ahead with a £100m compression project to transmit greater volumes of gas under higher pressure from its West Sole Field after revision of a supply agreement with British Gas.

The project, expected to be completed next year, will increase winter rate of output and prolong the productive life of the field.

British Gas confirmed at the weekend that it was negotiating similar restructured contracts with the Amoco consortium, in

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Banks to recruit less youngsters

BY WILLIAM HALL, BANKING CORRESPONDENT

TH ELONDON clearing banks plan to take on about 25,000 fewer school-leavers this year than usual.

They intend to take between 6,000 and 7,000 school-leavers this year compared with their normal intake of about 30,000. The banks are one of the biggest single employers of school-leavers. Until now they have continued t o recruit heavily through the recession.

The sharp cut in recruitment by the banks is another blow for the country's 715,000 school-leavers who are finding great difficulty getting jobs. It is estimated that half the school-leavers will be forced on to the Government's Youth Opportunities Programme this year compared with a third last year.

The banks are cutting recruitment of school leavers because their sta wastage forecasts have been badly upset by the recession. Far fewer staff are leaving than expected. As a result, the banks are employing considerably more sta than they need, and have cut recruitment to less than a quarter of normal levels to compensate for forecasting errors made 18 months ago.

Midland Bank which took on 7,000 school-leavers in 1979, has put a ban on new recruitment. National Westminster plans to take on 2,000 school leavers compared with 8,000 last year. Barclays the biggest of the clearers, is taking on 2,500 as opposed to 7,000. *Lloyds* is taking on 2.00 0as opposed to 4,500.

The Scottish clearing banks are also cutting their staff intake severely.

The big four clearing banks employ nearly a quarter of a million people. Most of the staff enter the banks straight from school in August and September. Aged between 16 and 17 years, they normally have at least four "O" levels. Most of them will have been interviewed for jobs towards the end of last year.

The banks are in an embarrassing position since their careers advisors continue to visit schools to talk about job *opportunities* in banks even though the number of jobs they can offer has been drastically

A number of senior bankers are worried about the longte-rm implications of cutting so severely their recruitment of school leavers.

Within the next few years, the *number of school leavers the* main banks recruit is expected to fall. This could lead to shortages of middle management towards the end of this decade.

Traditionally, the banks have only very rarely recruited senior management from outside their banks. The great majority of top managers have been promored from within. Most joined straight from school.

Air controllers back U.S. strike

BY DAVID BUCHAN IN WASHINGTON, DAVID WHITE IN PARIS AND ARTHUR SANDLES IN LONDON

LEADERS from among Europe's air traffic controllers will meet in Amsterdam on Thursday and are expected to take a hard line in support of their counterparts striking in the U.S. A meeting of air traffic controllers from around the world may be held later in the month.

But so far, only the French controllers have taken firm action with a number of U.S. bound flights held up at Paris. Delays were limited to about one hour at the most and no flights were grounded.

The Reagan Administration yesterday stuck to its hard line that it would not rehire or negotiate with the 12,000 air traffic controllers it has dismissed since the walk-out last Monday. The Administration expressed confidence that it could keep U.S. air lanes safe for a reduced number of flights during the 21 months needed to train new controllers.

At the same time, Mr William French Smith, the *Attorney* General, announced he was dropping the Government's earlier request to the courts *that Mr Robert Poli and other* leaders of the Professional Air Traffic controllers Organisation (Patco) be jailed. Strikes by public sector employees are illegal in the U.S.

Clearly anxious not to create union martyrs, Mr French Smith also said the Government was modifying its anti-strike court injunctions against various Patco officials, who could no longer be ordered to return to jobs they no longer had. Five Patco officials were at one point jailed last week, though four have since been freed.

But the Government continued to back court injunctions to ban picketing of working controllers and to impound the union's strike fund.
cut.

Calls by foreign unions on their members not to clear U.S.-bound flights had so far had *little effect. Mr Drew Lewis, the* U.S. Transportation Secretary, claimed in a television interview yesterday.

The 2,000 French controllers had earlier threatened to stop all U.S.-bound flights. But the French have no right to strike and they appear to have resorted to a work to rule. New Zealand controllers announced they would impose a ban on clearance for the U.S. from midnight. This decision is said to have the "support" of the Australians.

Controllers in other countries are clearing U.S.-bound aircraft to the limits of their own airspace and not passing them on to U.S. air traffic control.

For some countries, including the UK, there are legal problems. UK controllers are not certain of the legality of secondary strike action involving a foreign country and are to hold a meeting to decide on action next Friday.

In his television interview *yesterday*, Mr Lewis said the strike had brought to light the fact that the U.S. system had 3,000 air controllers too many. Thus, the Government needed only 6,000-8,000 new controllers to return the system to normal.

International airlines, meanwhile, spent the weekend desperately trying to reassure passengers that flying to the U.S. during the present dispute is safe. A major interruption of traffic in what is the peak holiday season could be a body blow to airlines already suffering from major cash heamorrages.

London's Heathrow airport returned to near normal for an August Sunday yesterday. Saturday flights were delayed b an average of four hours. Yesterda almost all incoming flights from the .S. came in on time, and there was a one-hour delay on some departures.

Balsemao challenges party rebels

By Diana Smith in Lisbon

Sr Francisco Balsemao, the Portuguese Prime-Minister, has challenged his opponents to either give him the conditions to carry on in office or pick his replacement.

Speaking at a weekend meeting of his Social Democrat party's 74-man council, Sr Balsemao described actions by party rebels as "suicidal" and dubbed them the "principal opposition" to his Government.

He announced that he would quit as prime minister unless he was given a clear mandate by the council to "serve his country."

By early last evening Sr Balsemao was expected to emerge from the meeting with his leadership endorsed by more than two-thirds of the council. But the crisis will not rest there.

Sr Balsemao's rivals all slated him at the weekend meeting, accusing him of lack of dynamism and calling for his resignation: most notably Srs Eurico de Mello and Carlos Macedo, former Interior and Social Affairs Ministers.

Meanwhile, both Sr Balsemao and one of his shrillest opponents, Sra Helena Roseta, have called for an extraordinary party Congress as soon as possible. This would give some 1,000-delegates of the rank and file the chance to opt for policies and style of the moderate premier or for his more radical opponents.

Mixed Israeli reaction to Fahd plan

DAVID LENNON IN TEL AVIV AND IHSAN HIJAZI IN BEIRUT

ISRAEL's Foreign Ministry has rejected a Middle East settlement plan outlined by Crown Prince Fahd of Saudi Arabia, calling it "a plan for the destruction of Israel in stages."

But some Cabinet Ministers and Opposition leaders have welcomed what they see as a Saudi willingness eventually to recognise the state of Israel. The proposal has also provoked interest in the Arab states and the mainstream of the Palestinian movement.

The eight-point proposal put forward by the Crown Prince in an interview with the official Saudi Press agency includes Israeli withdrawal from Arab lands captured in 1967 and the creation of a Palestinian state with East Jerusalem as its capital.

In exchange there would be international guarantees for the right of all states in the area—presumably including Israel—to "live in peace."

This latter point, which confirms the private position the kingdom has long held, drew a positive response from some Cabinet Ministers, who did not wish to be identified. They said it was a "turning point" which was likely to broaden the Camp David framework for peace.

But this was dismissed by Mr Yitzhak Shamir, the Foreign Minister, who said yesterday that there was nothing new in the plan and that its implementation would be dangerous for Israel. His officials said it was a proposal for the step-by-step destruction of Israel.

Prince Fahd, in fact, restated his country's rejection of Camp David and offered his plan as an alternative. His statement was timed to coincide with the completion of talks in Washington between President Anwar Sadat of Egypt, the Arab party to Camp David, and President Ronald Reagan.

Prince Fahd expressed regret that the Reagan Administration had decided to go ahead with Camp David, which had proved to be a failure. He warned that the U.S. risked its vital interests in the Arab world with its continued unlimitd support and aid to Israel.

The Crown Prince is one of a group of Middle East leaders scheduled to visit Washington in the next three months. Mr Menahem Begin, the Israeli Prime Minister, will be travelling to the U.S. next month, followed in November by King Hussein of Jordan.

In Israel, Mr Yitzhak Berman, the newly-appointed Energy Minister, said yesterday that the Saudi declaration showed that it no longer regarded the Arab-Israel dispute as a religious-mystical problem but now viewed it as a diplomatic dispute about borders. "Such disputes have a chance of being resolved," he said.

In Beirut, one of the Palestinian guerrilla movement's top commanders, Abu Jihad, described the Saudi proposals as "positive." Abu Jihad is the number two military man after Mr Yasser Arafat. He said it was important for Arab leaders to speak up in criticism of U.S. policy in the Middle East.

Italian import scheme cuts trade deficit

BY RUPERT CORNWELL IN ROME

ITALY'S emergency import deposit scheme, introduced in May, is showing its first fruits. The June trade deficit dropped to L790bn ($630m), less than a third of the record monthly shortfall reported in May.

None the less, the restrictive measure came too late to prevent a severe worsening of the country's foreign trade accounts. In the first six months of this year, according to Istat, the statistics institute, the overall deficit climbed to L10.899bn ($8.7bn), compared with L7.785bn in the same period of 1980.

The continuing trade imbalance, largely caused by the strength of the dollar and the ensuing increase in oil and raw material costs, is one reason behind new bank restrictions announced this week-end by the Treasury Ministry.

Commercial banks henceforth will have to invest 8 per cent of new deposits with special mortgage credit bodies, compared with 6.5 per cent previously. The move amounts to a further tightening of Italy's credit squeeze, which was sharpened by the import deposit scheme obliging traders to place 30 per cent of the value of imports in a non-interest-bearing account at the central bank.

A second feature is the doubling of the Government's public borrowing requirement in the first half of this year, to L21,000bn. It remains to be seen whether last month's measures to correct 1981 public spending will have any effect.

● The Cabinet has unleashed a new controversy with the announcement that the 112 Cruise missiles, to be based in Italy under Nato's theatre nuclear weapons modernisation programme, will be sited in south-eastern Sicily, near Ragusa.

The decision was bitterly attacked yesterday by the powerful opposition Communists. The PCI repeated its demand that Italy revokes its 1979 decision to accept the missiles on its soil.

Iraq likely to seek French help on reactor

By Terry Dodsworth in Paris

MR TAREK AZIZ, Iraq's deputy Prime Minister, is to visit France later this month for meetings which are likely to raise the question of French co-operation in the reconstruction of the destroyed nuclear research reactor at Tamuz.

Since the French-built reactor was bombed by the Israeli air force in June, there has been constant speculation that the Iraqis would request French assistance to replace it. Saudi Arabia announced about a month ago that it would carry the full cost of rebuilding.

The French authorities have so far given no definitive guide as to how they would respond to an Iraqi approach for a new reactor.

In the last few weeks, however, they have indicated their willingness to consider a request, provided there were sufficiently strong safeguards against the deflection of nuclear materials for military purposes.

The implications of remarks made by Ministers, including M Claude Cheysson, the Minister of External Relations, is that France would demand stronger safeguards than those originally built into the Tamuz agreement, probably along the lines of recent proposals from the International Atomic Energy Agency.

The new Socialist Government is also anxious to establish its influence in the Arab Middle East, where President Francois Mitterrand's well-known sympathy for Israel has led to suspicions over future French policy.

France is highly dependent on this part of the world for its oil supplies, and has also built up substantial exports in the area in recent years.

Former Zimbabwean Minister removed from Zanu-PF post

BY OUR SALISBURY CORRESPONDENT

MR EDGAR TEKERE, the former Zimbabwean Manpower Minister, who was acquitted last year on charges of murder, has been removed from the important position of secretary-general of the ruling Zanu-PF party.

His dismissal from the position of number three in the party hierarchy marks one further step in Mr Robert Mugabe's policy of pragmatic socialism.

Mr Tekere was acquitted last December on a charge of murdering a white farmer and, three weeks later, was dismissed from the Cabinet. On several recent occasions, Mr Tekere has publically criticised the Government and complained that the Cabinet has lost touch with its grassroots supporters.

Mugabe: Malcontents will be weeded out.

Mr Mugabe, increasingly angry at some of the criticism being levelled at his Cabinet from within, warned last month that "party malcontents would be weeded out."

Mr Tekere confirmed his dismissal saying "I am no longer secretary general. I am now just a task man."

The dismissal, coming virtually simultaneously with the appointment of a white career officer to head the country's defence forces—in preference to General Rex Nhongo, commander of the former Zanu guerrilla army—reflects Mr Mugabe's increasing commitment to pragmatic policies, not necessarily popular with hard-line militants in his party.

Private hoarding of goods 'at peak' in Poland

BY LESLIE COLITT IN WARSAW

ONLY TWO years ago, the people of Poland ate almost as much meat as Americans—about 72 kilos per head a year. Nowadays, state food stores cannot even provide the meat ration which was reduced by 20 per cent earlier this month.

Mr Jerzy Wojtecki, the Polish Agriculture Minister, says that the decline in meat production could be halted by October. This would permit the ration of meat and sausages to be returned to the original level of 3.5 kilos per person per month.

But Western agricultural experts in Warsaw say there is no hope of a real improvement in meat supplies until a year from now at the earliest.

Mr Wojtecki admitted in an interview last week that Poland will have to import about 7m tons of grain and fodder from the U.S by autumn, 1982, to provide a consumption level of 55 to 60 kilos annually.

The difference between this and the rationed amount consists of meat sold by farmers on the private peasant markets, where the price has soared to twice that in State stores. Mr Wojtecki notes that speculators buy the meat from small farmers for more than the State purchase price and then make a killing on the private markets.

In spite of recently increased State purchase prices for meat, farmers are selling a record 20 per cent of their output on the uncontrolled market.

Poland is desperately trying to hold on to its traditional markets for canned meats and is exporting 120,000 tons this year compared with 300,000 tons in 1977. But Poles are angry about these exports which dockers have threatened to halt by refusing to load ships. Mr Wojtecki said the proceeds from these meat exports are used to import some 20,000 tons of frozen meat a month.

However, there can be no lasting solution to Poland's agricultural problems until heavily subsidised food prices are raised. Raising the price of meat and other foods without the support of the Solidarity union would be the quickest way to provoke yet another Polish uprising. The union says it agrees that prices must be increased but only as one of the later steps in sweeping economic reforms which would include workers electing their company directors.

In the meantime, the Government pays farmers 9.5 zlotys for a kilo of wheat while a kilo loaf of bread costs only 7 zlotys. The same political price applies to virtually all essentials. Mr Wojtecki said cheap bread is not only being wasted by the population and fed to pigs in enormous quantities, but cereals are also being used as poultry fodder because they are cheaper than fodder grain.

Western agricultural experts in Warsaw say private hoarding of nearly everything is at a peak because Poles are convinced goods will be unavailable tomorrow or sold at higher prices.

"Non-smokers who also get cigarette ration cards, use them up," Mr Wojtecki explained, "as they view cigarettes as an investment."

He said that, before the Government would raise the price of meat and other staples, it would amass sufficient supplies to weather an onslaught of buyers when the foodstuffs reappeared again in the shops.

Sun Hung Kai ahead

Sun Hung Kai Securities reports an unaudited profit after tax but before extraordinary items of HK$100.13m for the six months ended June, against HK$48.1m, Reuter reports from Hong Kong. Extraordinary items totalled HK$33.45m. The interim dividend is doubled to 20 cents a share.

Zhao's visit to Malaysia focuses on insurgents

BY OUR FOREIGN STAFF

ZHAO ZIYANG, China's Prime Minister, flew into Malaysia yesterday expecting to come under pressure from local leaders over China's support for Communist insurgents active in the country.

The Chinese premier arrived from Manila for the second and perhaps most controversial stage of a four-nation tour of South-East Asian nations. From Malaysia, he plans to visit Singapore and Thailand.

The tour is intended to calm fears in South-East Asia over China's support for Communist parties in the region, and to seek possible initiatives on the conflict in Kampuchea.

Before leaving Manila, Zhao said relations with Communist parties were only political and moral, and assured leaders in the region that China would not interfere in their activities or the internal affairs of the countries in which they operated.

In the Philippines, talks focused on the Kampuchean problem, and on bilateral trade. Zhao said that efforts would be made to increase imports from the Philippines.

Last year, trade between the Philippines and China reached $250m, leaning heavily in favour of China. The Philippines mainly exports coconut oil, sugar and copper. Manila's major import from China is crude oil, which accounts for 10 per cent of the Philippines' total requirement.

Cuba lifts threat to Mexico talks

CUBA said yesterday it would stay away from an autumn summit of rich and poor countries which the U.S. threatened to boycott if the Havana Government weer present, Reuter reports from Cozumel, Mexico.

Its decision was announced after talks between President Fidel Castro and Jose Lopez Portillo of Mexico, whose country will host the 22-nation conference in October.

Diplomats said the Cuban action was a major concession to lift a threat to the conference taking place. It had been lobbying at the UN to be at the meeting in its capacity as chairman of the Non-aligned Movement. They said Cuba was anxious not to upset its close relationship with Mexico.

Campins to Brazil

Sr Luis Herrera Campins, the Venezuelan President arrives in Brazil today on a three day state visit expected to be dominated by the North-South summit in Mexico in October. Andrew Whitley reports from Rio de Janeiro. Fears that the summit could come to nothing because of tough Western attitudes may encourage Brasilia to look with greater interest at Venezuelan proposals for an informal entente between the "big four" Latin countries, Mexico, Argentina, Venezuela and Brazil.

Gandhi reshuffle

Mrs Indira Gandhi, the Indian Prime Minister, made two ministerial changes in her cabinet yesterday but left temporary appointees in charge of several key ministries, Reuter reports from New Delhi. The Planning Minister, Mr Narain Dutt Tewari, will move to the Industry Ministry, and Planning will be headed by the Education Minister S. B. Chavan. Mrs Gandhi retains the defence portfolio.

UN Afghan move

Dr Kurt Waldheim, the United Nations Secretary-General will discuss the situation in Afghanistan during separate talks in New York next month with the Foreign Ministers of Pakistan and Afghanistan, a UN envoy said yesterday Reuter reports from New York.

Sr Javier Perez de Cuellar, speaking after visits to Pakistan and Afghanistan, said "the mood is more encouraging because we now have concrete agreement on the procedural aspects."

Iran move awaited on detainees

By Our Paris Staff

THE French Government is waiting anxiously today for proof that the Iranian clergy dominated regime will honour its agreement to allow the departure of about half of the 116 French citizens detained in Tehran.

Officially, the French authorities remain optimistic over the chances of a successful withdrawal of French nationals. According to a plan worked out with the Iranians, 61 passengers should be allowed to fly out of Tehran on an Iran Air flight today, and another 55 on Wednesday.

The French citizens were held in Iran on Thursday in a move which followed an escalation in tension between the two countries over the escape to France of Abolhassan Bani-Sadr, the deposed Iranian president.

Since Friday's remarks by M Claude Cheysson, the French Foreign Minister, who said there was "no reason to cast doubt on what had been promised," the Government has been trying to avoid any comment that might exacerbate the situation.

Anxiety over the French nationals has increased, however, because of a provocative speech from the Ayatollah Mechkini. He threatened similar reprisals to those taken against U.S. diplomatic hostages last year if ex-President Bani-Sadr were not extradited from France.

The French Government has maintained its position that it will not answer these extradition demands until it receives an official request through the normal diplomatic channels.

But the Government has made it clear in the past few weeks that it is totally opposed to extraditing political refugees, a category into which Mr Bani-Sadr would undoubtedly fall.

Our Foreign Staff adds: Iranian authorities yesterday reported 30 more executions in the Government's campaign against the wave of violent attacks by opponents of the regime.

Pars, the official Iranian news agency, said that 12 people were executed in Tabriz on Friday night after being found guilty of armed revolt against the state. The agency said they were members of various left-wing organisations.

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WORLD TRADE NEWS

MAN wins £59m Mideast order

BY ROGER BOYES IN BONN

MAN, The West German commercial vehicle and engineering group, has won a major DM270m (£59.5m) truck order from Iraq and Jordan, beating off competition from several European manufacturers.

The order involves the delivery of 400 sixty-tonne trucks to operate along the highway linking the Jordanian port of Aqaba with Iraq. The idea is to ease some of the strain on the main Iraqi port of Basra which handles over a quarter of the country's trade.

Although MAN executives were reluctant to name names, it is clear that most of the major European commercial vehicle manufacturers were interested in the deal. MAN believes it clinched the contract largely because it was able to offer a full spread of back-up services—not just drivers, but also mobile repair workshops, water supply facilities and a drivers camp complete with butcher's shop and a sick-bay.

The group has developed in parallel with its commercial vehicles division so that it can handle a complete project. "I don't think British or French companies are able to do this in a comparable way," said one MAN executive.

Like most West German contracts with Iraq, the MAN deal is understood to be covered by an export guarantee from Hermes, the state-backed export insurance agency.

Benefiting from the start of the Iraqi five-year plan, West German companies have been receiving a flood of orders from Baghdad. The orders include some reconstruction work from the Iran-Iraq war but most contracts are geared to the infrastructural development of the country, including highway and dam construction, cement factories and vehicles.

In all, about DM 10bn of contracts have been clinched between Iraq and West German companies over the past year.


MAN trucks—aiming to ease the strain on Basra.

MAN had the advantage, during the several months of negotiation for its contract, of previous experience in the country. At the end of last year, the company sold Iraq some 1,500 tipper lorries for DM 200m.

Again, the deal included back-up facilities such as a spare parts depot and a repair workshop.

The current contract, signed with the Iraqi-Jordan Overland Transport Company, is valid for two years.

Design deal for Taipei subway

BY OUR WORLD TRADE STAFF

UK EXPORTS

● British Mass Transit Consultants, a joint venture of seven consulting companies, has been retained by the Taiwan Ministry of Communications to study the feasibility of, and designate the priorties for, a mass transit system in Taipei.

The contract is further evidence of the growing British challenge in an increasingly competitive sector which until recently was dominated by France and the state-owned Societe Française d'Etudes et de Realisations de Transports Urbains.

The members of British Mass Transit Consultants, led by Freeman Fox and Partners, are Halcrow Fox and Associates, London Transport International, Kennedy and Donkin, Design Research Unit, Charles Haswell and Partners, and Sir William Halcrow and Partners.

All of these companies are members of the joint venture set up specifically to design an underground railway system for Baghdad. All except Sir William Halcrow took part in work on the Hong Kong Transit Railway.

This co-operation among consultants, bringing together complementary skills, is part of a widening trend in British industry as the race to win international projects work becomes fiercer.

Taiwanese plans call for a mass transit system of four lines with a total length of 87km, to be constructed by the year 2000. But there is a priority line to be completed by 1987, for which the consultants are to prepare preliminary engineering designs.

● W. A. Blackburn, the Coventry property developers, have entered a joint evnture with the Abu Dhabi National Food Company to develop a warehousing complex adjacent to Mina Zayed, the port of Abu Dhabi. Total investment will be £19m over three years.

Negotiations on the formation of the joint venture took two years. Construction will start early next year with the ultimate aim of providing a distribution base to service the United Arab Emirates and the Middle East more generally.

● H. H. Robertson (UK) of Chester has won orders worth £1.4m to provide protected metal sheeting, sun louvres and ventilators for power transmission stations and the terminal of the Riyadh Water System in Saudi Arabia.

● Wimpey, the construction group, is to provide the civil and structural works for a copper refinery to be built at Muscat under a £1.76m contract placed by Oman Mining.

● Computer Sciences Corporation of London has been selected by the National Aeronautics and Space Administration in the U.S. to develop computer programmes for the space telescope in a contract valued at $8.5m (£4.7m) and running over four years.

Dutch banks resume talks on pipeline

By Charles Batchelor in Amsterdam

A SOVIET delegation today starts further talks with the Dutch banks involved in the financing of a pipeline to carry Soviet gas to Western Europe.

The Dutch are keen to take 5bn cubic metres of the 40bn c.m. which the Soviet Union hopes to export annually over 20 years from the Yamal Peninsula.

Talks between the two sides aim to find agreement over the rate of interest to be charged on a Fl5bn (£995m) financing package offered by the Dutch banks.

The Soviet delegation, headed by Mr Viktor Ivanov, Deputy Prime Minister for Foreign Trade, will hold talks with Algemene Bank Nederland (ABN) and Amsterdam-Rotterdam Bank, which head the financing consortium.

It is also expecting to meet representatives of the Netherlands Industry Group, which includes equipment manufacturers, which had offered to build 1,000 km of the 6,000 km pipeline.

ABN, spokesman for the banks, declined to comment on the proposed talks.

The Dutch banks earlier agreed to provide 85 per cent of the credit at 7.75 per cent. The balance would take the form of a roll-over credit with a variable rate of interest. The Soviet Union, however, insisted on the entire credit being fixed at 7.75 per cent.

The Soviet Union reached agreement with a West German banking consortium at the end of last month on a scaled-down credit package of DM4bn (£882m), compared with the original amount of DM 10bn.

Turkey arranges $300m funding

BY MEN MUNIR IN ANKARA

TURKEY has syndicated two loans worth $300m (£166.8m) for trade financing.

The first loan of $100m is in the form of export prefinancing, for which the Central Bank went to Arab banks, a source so far untapped by Turkey which has traditionally worked with Western banks.

The loan was led and managed by the Libyan Arab Bank, Tripoli, which also put up funds. The loan was also funded by Arab Bank for Investment and Foreign Trade of Abu Dhabi, Bank Intercontinental of Paris, Arab Banking Corporation in Bahrain, Arab Libyan Tunisian Bank of Beirut, Arab Turkish Bank in Istanbul, Arab International Bank of Cairo, Banco Arab Espano in Madrid, Kuwait Foreign Trade Contracting Investment Company, and UBAF of Paris.

Repayment to the banks will be made by Socata Leaf Tobacco of New York for 40,000 tonnes of tobacco it will be receiving in monthly shipments from Tekel, the Turkish state monopoly. The interest rate is 1 per cent above the London Interbank Offered Rate (Libor). Repayment will be completed in one year.

Mr Yavuz Canevi, deputy governor of the Central Bank, said that this was the first case of an export pre-financing loan in Turkey. He noted that the spread, at 1 per cent, was less than the 1.75 per cent Turkey has been paying on other loans.

Mr Canevi added that private banks are being urged to raise pre-export financing in the international market.

The second loan is a $200m three-month bridging facility extended by Citibank, Morgan Guaranty, and UBS. It is in place of two International Monetary Fund tranches, one originally due in June but now due in September, and the other due in October. These have been delayed owing to the need for the IMF to ratify the new economic criteria Turkey will have to meet under the current $1.5bn three-year stand-by agreement.

LICENCES SOUGHT FOR FOREIGN BRAND-NAMES

S.Korean garment makers move up-market

BY KEVIN RAFFERTY IN HONG KONG

SOUTH KOREA is reversing previous policy and encouraging its textile and garment manufacturers, the country's largest export earners, to seek foreign licence agreements in an attempt to upgrade their quality and competitiveness.

By the end of June, according to the Ministry of Commerce and Industry in Seoul, nine leading South Korean garment makers had signed licence production contracts with 11 foreign brand names. Others are under discussion.

The foreign brand names going to South Korea include Pierre Cardin, Manhattan Shirts, Society Men's Casual Wear, Cacharel Women's Wear, London Fog Raincoats, and Arrow Shirts.

In 1980 South Korea's garment exports totalled $2.7bn (£1.5bn), the largest single export item. The target for 1981 is $3.3bn or 16 per cent of total exports.

South Korean officials admit that the country has lost some international competitiveness and they hope that the introduction of foreign brands will induce more advanced technology in production as well as improve international marketing experience.

The decision to allow foreign brands free access can be seen as a mark of confidence in the economy as a whole and in the ability of South Korean industry to come up to the high standards of foreign companies.

Until the late 1970s, use by South Korean garment makers of foreign brands intended for the domestic market was restricted for fear it would stimulate local spending on foreign garments. Even today there is a clause that a local garment maker using a foreign brand must export the equivalent of 25 per cent of its net domestic sales.

Under the typical terms of a foreign brand name licence, the South Korean maker has to pay a royalty of about 3 per cent of total net sales to the brand name owner. Some local manufacturers have had problems in meeting the requirement to export 25 per cent, but others, like Cheil Wool Textile, which pays a 2.5 per cent royalty to Cacharel, has written into the agreement that the French maker will buy 25 per cent of the South Korean licencee's total production.

The South Koreans are trying to use foreign brand labels as a way of increasing their own awareness of marketing problems for the higher quality and fashion areas of garment making. There is "relatively low recognition of Korean-made goods in overseas markets," South Korean officials admit. With experience and contacts with foreign high-quality buyers, the South Koreans may gain knowledge and skills to sell their own brand names directly.

Other developing country textile and garment makers, especially Hong Kong, have moved with success from making under foreign brand names to designing and marketing their own fashion products. Now, when demand is weaker in the cheap to middle ranges, higher quality products are selling well.

SHIPPING REPORT

Rates fall continues

BY OUR SHIPPING CORRESPONDENT

IT WAS another thumbs down week for shipping last week, with the tanker market still depressed and dry cargo rates still falling.

For large tankers out of the Arabian Gulf, rates have been slightly lower at Worldscale 22½ to the West and Worldscale 27½ to the East.

E. A. Gibson said it saw little scope for an improvement in the market, even with several charterers—including a major U.S. group—still in the market for large tanker tonnage up to the end of this month.

For tonnage at the lower end, between 70,000 and 100,000 deadweight tons, the market has been busier. Italian charterers have fixed four voyages from the Gulf to the Mediterranean at $9 per ton.

On the dry cargo side, Denholm Coates reported another discouraging week. On the U.S. Gulf/continental European grain run, the level of $10 a ton was broken with a large spot vessel taking about $8.85.

Accurate reports on Soviet activity are difficult, said Denholm Coates. But charterers appear to have been changing tactics and taking vessels on period charters of around 12 months.

● Pacnorse International Shipping, part of Pacific Norse Shipping, which is jointly owned from Hong Kong and Norway, has ordered six bulk carriers of 47,000 deadweight tons each from Namura Shipyard of Japan for $150m (£83m).

Pacific Norse is owned by Kristian Jebsens Rederi of Bergen in Norway and Wheelock Maritime International of Hong Kong. The new ships will be used in Jebsens' bulk shipping pool

World Economic Indicators

TRADE STATISTICS

		June '81	May '81	Apr. 81	June '80
W. Germany DMbn	Exports	32.4	31.3	33.6	28.5
	Imports	30.7	29.7	30.3	28.2
	Balance	+1.7	+1.6	+3.3	+0.3
France FFrbn	Exports	47.970	47.010	48.478	40.763
	Imports	53.900	50.357	50.654	46.580
	Balance	−5.930	−3.347	−2.176	−5.817
U.S.A. $bn	Exports	19.87	18.87	19.82	18.64
	Imports	22.99	21.31	23.28	19.89
	Balance	−3.12	−2.44	−3.46	−1.25
Japan $bn	Exports	12.590	12.470	12.622	10.807
	Imports	10.010	11.320	11.105	10.680
	Balance	+2.580	+1.150	+1.517	+0.127
		May '81	Apr. '81	Mar. '81	May '80
Holland Flbn	Exports	13.507	13.864	14.538	12.181
	Imports	13.718	14.024	14.102	12.542
	Balance	−0.211	−0.160	+0.436	−0.361
Italy Lirabn	Exports	6.192	7.265	5.250	5.597
	Imports	9.064	9.387	7.114	7.089
	Balance	−2.872	−2.122	−1.864	−1.492

WORLD DEVELOPMENT REPORT

Stark future for developing nations

BY DAVID DODWELL

INTO THE 1980s, it will not be oil prices or erratic commodity prices which dictate whether or not developing countries grow strongly, it will be their skill in adjusting to external circumstances, the World Bank argues in its fourth annual Development Report.

Drawing on the experience of the 1970s, the bank sees only a weak link between "external shocks" — mainly soaring oil prices and depressed export prospects due to recession in the industrial West — and economic growth.

Countries which resisted the temptation to throw up tariff walls and turn inward in the wake of the oil shocks of 1974 and 1979, and which adjusted their economies, continued to grow rapidly, won an increasing share of world trade, and attracted aid and commercial loans in substantial quantities.

This assessment offers only a germ of optimism for the 1980s. Weakened by higher oil prices, lower export prices, substantial balance of payments deficits and heavy debt burdens, developing countries are more vulnerable to adverse shifts in the world economy than they were a decade ago.

Private capital is likely to be more expensive, concessional aid is more likely to fall than to rise, and remittances from migrant workers are not likely to grow as fast as they have over the past decade, the bank says.

The Bank notes that the "external shocks" of the 1970s presented a choice between three responses — structural adjustment, foreign borrowing, or slower growth. While borrowing provided temporary relief, the only long-term answer was structural adjustment, the bank says.

Among countries which tried to adjust, those maintaining outward-orientated, open economies were by far the most successful.

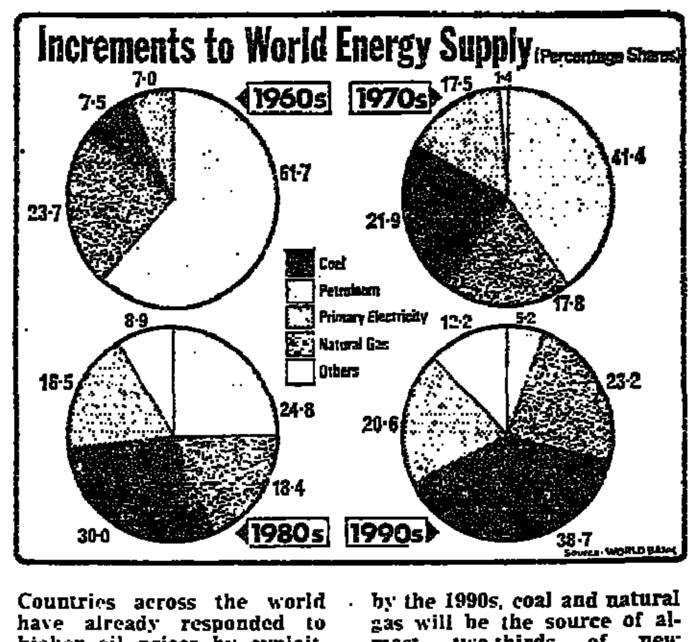
In this category, Chile, the Ivory Coast, the Philippines, Singapore, South Korea, Thailand, Tunisia and Uruguay "managed to effect adjustment with only a temporary interruption in growth."

Those countries which accepted slower growth without trying to adjust—like Jamaica, Peru, Zaire and Zambia—all fared dreadfully.

"A combination of internal policies and external shocks brought Jamaica to the verge of economic bankruptcy," the bank claims, while "extreme dependence on copper and cobalt in Zambia and Zaire made for great vulnerability to movements in copper prices; their terms-of-trade losses were catastrophic."

The bank is fairly optimistic about the prospects of the semi-industrialised middle-income countries. But prospects for primary producers and the least developed countries seem stark.

While the onus rests on the poor countries themselves, the bank underlines that the industrialised countries have important responsibilities. First, because trade "has a crucial role in growth and adjustment," protectionism is to be avoided at all costs. The bank argues that if the Western economies adopt protectionist policies, their own growth will be seriously hindered.



Countries across the world have already responded to higher oil prices by exploiting new sources of energy. The World Bank predicts that by the 1990s, coal and natural gas will be the source of almost two-thirds of new energy, while oil will provide just 5 per cent.

Second, aid and capital flows must be maintained and if possible increased, with more going to the poorest countries, rather than the middle-income countries as at present.

Third, industrial countries must save energy. As the industrialised nations of the West consume the great majority of the world's exported oil and gas, it is unreasonable to expect developing countries to make any significant contribution to savings, the bank says.

This involves helping developing countries to exploit their own indigenous sources of energy, as this will further reduce demand for internationally traded oil. It also involves shifting to alternative sources of commercial energy—particularly coal, then nuclear and hydro-power.

If all of these things are done, the World Bank predicts, growth in the 1980s will need 5.6 per cent a year for middle-income countries and 4.1 per cent for the poorest countries. If not, the best rate of growth to be hoped is 4.3 per cent for middle-income and 3.0 per cent for low income countries.

World Bank calls for more aid and loans

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

DEVELOPING countries around the world are likely to face increasing difficulty in attracting the aid and commercial loans they will need in the 1980s, the World Bank says.

The poorest developing countries face particular problems as most of the aid and private loans have gone to middel-income countries. Despite their overriding needs the poorer countries have recently been attracting only 37 per cent of aid and 14 per cent of overall capital flows to third world oil importers.

Last year net aid, loans and investment flows to the developing world totalled $75.3bn. These flows have been financing about one-seventh of all investment in developing countries. They have also helped cushion countries from oil price increases. But the bank warns that "there are now several causes for concern that were absent in the mid-1970s."

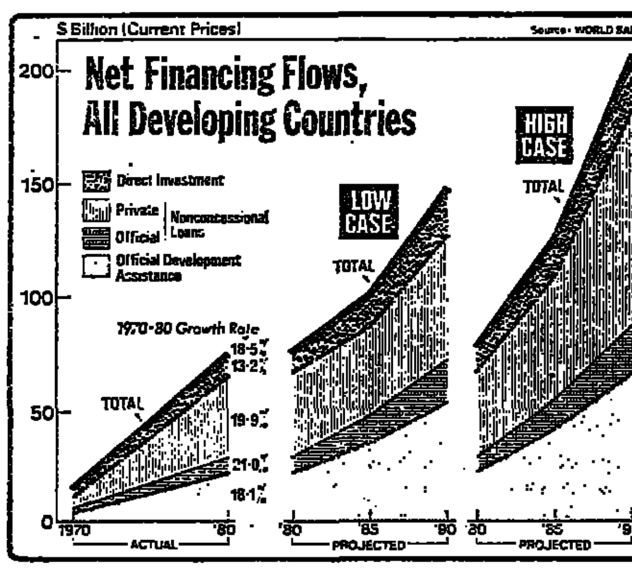
It forecasts that the external capital requirements of the oil importers will only decline slowly from the high level reachel last year: this was equivalent to 4.9 per cent of their GNP. It says that the outstanding private debt of developing countries reached $284bn at the end of 1980, up from $32bn ten years earlier.

The report points out that high interest rates and shorter maturities meant that last year, for each $1 borrowed, 78 cents went to service existing debt.

It stresses that the health of the international banking system depends on the export prospects of middle income countries such as Singapore and Peru to a far greater degree than it did a decade ago.

The bank makes a strong plea for increased aid, in particular for poorer countries such as Sri Lanka and Upper Volta.

It warns: "There is no sign of current or future aid increases comparable to those which helped (low-income countries) through the mid-1970s. Workers' remittances will grow more slowly. Few will have easier access to commercial borrowings. Adjustment by slower growth is likely to become more common."



In 1980 $36.9bn of the $75.3bn net flows to developing countries came from private sources. The bank warns: "There is considerable uncertainty about the amount of commercial capital developing countries will be able or willing to borrow in the 1980s."

It stresses that commercial bank lending has been concentrated in a few middle income countries. At the end of 1979 eight countries accounted for 60 per cent of bank lending to developing countries. The eight were made up of three oil exporters—Mexico, Venezuela and Algeria—and Brazil, Spain, South Korea, Argentina and Yugoslavia.

Private lending has been increasing much faster than official lending. In 1970 private financial institutions held 12 per cent of outstanding private and publicly-guaranteed debt; in 1980 the figure was 43 per cent.

By contrast the share of concessional debt from governments or official institutions has fallen from 39 per cent to around 23 per cent and average maturities from 20 to 12.7 years.

Funds have also become more expensive. During most of the 1970s the 6-month London interbank offered rate (Libor) was between 5 and 10 per cent. Today it is around 19 per cent. Each 1 per cent increase in Libor adds around $2.8bn to the developing world's debt service charges.

The bank is particularly worried about the access of poorer countries to capital markets. The low-income oil importing countries have never borrowed a net total of more than $630m from the private banks in any one year. Direct foreign investment has fallen in relative importance, providing only $8.6bn to the developing world last year.

Workers' remittances, which totalled over $13bn in 1978, are also unlikely to grow at the rates of the past.

All this means the bank is particularly keen to see an increase in aid and in the role played by institutions such as the International Monetary Fund and the Bank. Yet it says: "The level and outlook of Official Development Assistance is a cause for serious concern to the low income countries."

In 1979 Western countries contributed 76.1 per cent of the $26.8bn aid (in 1978 dollars), members of the Organisation of Petroleum Exporting Countries (Opec) 17.6 per cent, and Socialist countries 6.3 per cent.

The report summarily dismisses most criticism of aid, saying it "lacks a basis in fact or experience." It comments: "The fact that India—once forecast to be famine's permanent home—has become to a considerable degree self-sufficient in food grains is due to aid and technical assistance combined with major efforts on the part of India itself."

It criticises the concentration of U.S. aid on Egypt and Israel, of Opec aid on Jordan and Syria and French aid on French dependencies. In 1979 low-income countries (excluding China) whose share of third world population was 55 per cent, received only 37 per cent of aid given by OECD and Opec members.

It calls for additional funding to support two World Bank programmes: structural adjustment lending to help oil importers adjust to increased fuel bills; and lending to help energy production in developing countries.

Africa faces further stagnation and poverty

BY QUENTIN PEEL, AFRICA EDITOR

THE ONE AREA of the world about whose prospects for economic development in the coming decade the World Bank is almost unrelievedly pessimistic is sub-Saharan Africa.

According to virtually every indicator of economic progress and welfare, African countries as a group are the world's poorest, and they are becoming progressively poorer.

Africa is the only continent where population growth has continued to accelerate throughout the 1970s, itself an indicator of the lack of development, the report argues.

In both the low-income and middle-income African states, food consumption has declined, and it was already less than half the world average 10 years ago. In spite of being overwhelmingly agriculture-based economies, most African countries have become net food importers. Indeed, 26 countries in the region, with a population exceeding 150m, report food shortages.

In terms of gross national product (GNP) per head, the poorest countries of Africa are also unique in having suffered a 0.4 per cent decline in the past decade. On the Bank's most pessimistic assumptions, they face a further 1 per cent decline in the 1980s.

Even on the most optimistic assumptions, per capita incomes in the continent's oil-importing countries will stagnate, with a forecast increase of 0.1 per cent a year up to 1990.

Although their very lack of development means that African states are less dependent on imported sources of energy than more industrialised states, they have been more drastically affected by the energy cirsis.

Their lack of expertise and technical skills means they have been less able to adapt. Their economies, often dependent on only one or two commodities for virtually all their export earnings, have proved highly inflexible to adjustment. They are also facing a critical shortage of traditional fuels, like timber, which provide at least a quarter of their energy needs.

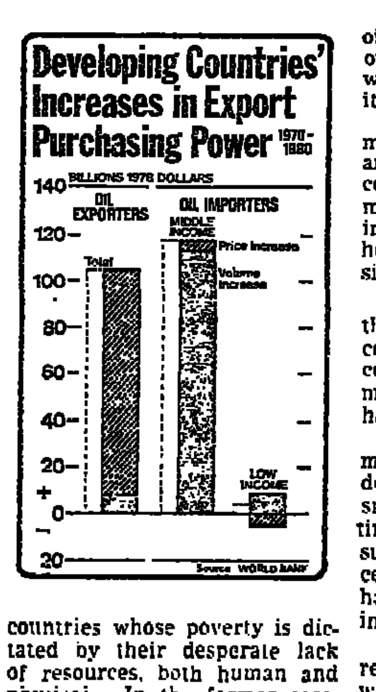
In the past decade, the report says, "African countries especially were beset by domestic problems, and could neither increase their exports, nor borrow much; they had to cut imports and endure stagnation."

In spite of its gloomy forecast the report attempts to focus on development strategies which would alleviate the worst poverty and help countries in Africa to withstand future external economic upheavals.

It focuses on countries drastically affected by the oil crisis, declining agricultural production, and slumping commodity prices—like Zambia, Tanzania and Upper Volta—and on those which have coped best, such as Ivory Coast, Kenya and Malawi.

The report highlights key areas of concern, requiring the most urgent aid, as well as new government strategies: agriculture, training, population growth, and alternative energy sources.

Both Upper Volta and, to a lesser extent, Tanzania, are countries whose poverty is dictated by their desperate lack of resources, both human and physical. In the former case, the report concludes: "On almost any set of assumptions, Upper Volta faces abject poverty for decades to come."



Tanzania can improve its economic performance with different policies, the report argues, without conflict with its socialist objectives. It criticises policy changes, pervasive government controls, over-ambitious investment plans, and bad agricultural pricing policy for negating the potential benefits of the country's economic recovery programme.

The most critical analysis is of the Zambian economy, which is classified as a middle-income oil-importing country, dependent on one key export—copper—which provides 95 per cent of its foreign exchange earnings.

Zambia's terms of trade plummeted 52 per cent between 1974 and 1978 because of the poor copper price, and caused a massive reduction in national income. National income per head has fallen continuously since 1965.

The Bank argues that one-third of the most recent decline could have been offset if non-copper exports had been promoted, and domestic agriculture had not been neglected.

The failure by African governments to encourage agricultural development, particularly of small-scale farmers, is a continuous theme. "Virtually all the sub-Saharan countries whose recent growth has been slow have had a particularly poor record in agriculture."

The key conclusion of the report is that those countries which have reacted to the deterioration in their terms of trade by prompting new exports, such as new crops, rather than protecting inefficient import-substituting industries, have best weathered the storm. It cites in particular Ivory Coast, Malawi and Kenya in the 1960s.

All three countries have had relatively conservative and pro-capitalist regimes. Moreover, the strategy of development through primary production and gradual diversification of exports is most closely associated with colonialism. As a result, it is one which many African states will find politically difficult to accept.

Howe builds up campaign for lower pay demands

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor, is intensifying the Government's campaign of pressing for moderation of claims in the wage round about to begin.

In two separate statements at the weekend, before he left for a fortnight's holiday, Sir Geoffrey stressed that "the most important question of all is the need to sustain moderation in pay bargaining."

After the holidays this is likely to emerge as a key theme in ministerial speeches, especially as the Government faces difficult decisions about fixing cash limits on public spending, initially for local authorities.

In a letter to the British Institute of Management, Sir Geoffrey carefully avoided mentioning specific figures while stressing that the UK needed "a further period of years in which pay settlements are well below those of our main competitors.

"What we need is to make everyone aware of the link between pay and unemployment."

In an interview yesterday on the Tyne-Tees Television programme "Face the Press, Sir Geoffrey defended the Government's economic strategy and said there was no division between him and Mr Francis Pym, Leader of the Commons, or Lord Thorneycroft, the Tory Party chairman, about the economy.

Sir Geoffrey said both of them "totally understood the commitment we have got to the policies we are following."

Sir Geoffrey is likely, however, to come under pressure this week for a change in the balance of public spending. The all-party Treasury and Civil Service Committee of the Commons is expected on Wednesday to call for increased capital investment by the public sector.

Mr Edward du Cann, chairman of both the Treasury Committee and the 1922 Committee of Conservative backbenchers, hinted at the proposals when he said on Saturday that "there was still too much emphasis on current expenditure, too little on capital."

"Not all public investment programmes need to be financed by the taxpayer. There is vast scope for using private money outside the public-sector borrowing requirement to help get the economy moving again, and without adding to inflationary pressures," Mr du Cann said in a speech in Taunton, when he urged senior members of the Government to speak in public "with a clearer and more obviously united voice."

Sir Geoffrey was cautious about the calls for higher public-sector investment in his letter to the British Institute of Management.

While agreeing that there were desirable investment projects, he said: "The need is to increase the share of money already in the economy that is devoted to investment and away from consumption.

"That shift in the distribution of demand is something quite distinct from the notion of reflating the economy by printing money and increasing the Government deficit.

"The effect of that would be to place a further burden of crippling interest rates and inflation onto private industry."

Sickness leave falls from peak 371m days

BY DAVID FISHLOCK, SCIENCE EDITOR

WORKING TIME lost through sickness in Britain has been falling by 12 to 14 per cent a year since the peak 371m days in 1978/79, according to a report today.

By the late 1970s, absenteeism for "certified incapacity" was growing at about 7 per cent annually, says the Office of Health Economics, a "think tank" of the British pharmaceutical industry.

Data are not available to confirm whether increasing unemployment has caused the fall in sick leave, says the report.

However, it adds: "Unemployment has now reached a critical level at which it does begin to have an impact on the level of certified absence from work."

The cost to the Exchequer in sickness benefit is still rising. The OHE puts the cost for the current financial year at £1.77bn at 1980 prices—8.4 per cent of the Social Security budget.

The report says the figure of 371m working days lost "contrasts sharply" with just over 15m days lost from industrial injuries and diseases, and 9.4m days lost through industrial action, in 1978.

One reason given for the 1978/79 peak—34 per cent higher than the figure 25 years earlier—was a bad winter and a high incidence of influenza.

Men accounted for all of the growth in the quarter century; their days off for sickness outnumbered women's by 3.5 to 1 in 1978/79, compared with 2 to 1 in 1954/55. At present, men have an average 19 days of certified absence—periods exceeding three days—a year, compared with 12 days in the mid 1950s.

Sickness absence—a review. Briefing No. 16. Office of Health Economics. 12, Whitehall, London SW1A 2DY. Price 30p

Barclays adviser urges real wage cuts to boost investment

BY PETER RIDDELL

A reduction in real wages is necessary to achieve economic recovery, Professor Harold Rose, the economic adviser to Barclays Bank, argues in the bank's new quarterly review

Professor Rose argues that "if wages are central to the problem of unemployment, and if unemployment is an important cause of the recent riots, neither economic recovery nor social peace will be achieved if excessive wage increases continue to be granted."

Restraint of real wages is needed, with union acquiescence, he argues.

He points to estimates that real wages would have to be reduced some 5 to 6 per cent below the course of labour productivity merely to return the share of profits to its level at the beginning of 1978 and thus help to create the conditions needed for a revival in industrial investment.

The professor maintains, however, that moderation in increases in wage rates will have little lasting effect unless the underlying sources of wage pressure are also tackled.

"The real case against the monetarist policy of the Government is not that the actual increase in the money supply was slowed down too quickly—for no such deceleration took place in sterling M3 in either 1979 or 1980—but that, in giving priority to the financial aspects of its strategy, it has been too slow and too timid in moving towards the legal reforms needed to secure a more competitive labour and housing market: reforms that are needed in the interests of the unemployed above all."

Other weekend comment focuses particularly on the trend of public sector borrowing. Stockbrokers Grieveson Grant estimate that borrowing in 1981-1982 will be about £12.5bn rather than the £10.5bn figure forecast by the Treasury in the March Budget. This is because of a possible overshoot on spending, as suggested by April to June figures, and by likely overshoots on the employment and defence programmes.

Brokers Wood Mackenzie believe, in contrast, that borrowing is probably on course for the official forecast level. This is after taking account of the bunching of oil tax and other revenue in the second half of the financial year.

Brokers James Capel suggest that the mid-July retail prices index could have turned out to be the low point in the current inflationary cycle. The 12-month rate is expected to have been about 11 per cent (figures are due at the end of next week) and to rise to between 12 and 13 per cent by the end of this year in response to the rise in raw material costs.

Mechanical engineering output expected to rise only 4%

BY ALAN PIKE

MECHANICAL ENGINEERING output is expected to increase by only about 4 per cent in the next year, against 25 per cent necessary to restore sales to 1979 volume, says Mechanical Engineering Short-Term Trends, published today.

This measure of the impact of the recession on the engineering industry in the report confirms the cautious view of the extent of any forthcoming upturn in the last quarterly trends survey for the industry in May.

Sales volume is expected to continue to fall until the New Year, and recovery then projected "seems unlikely to reverse more than a small part of the steep decline experienced between 1979 and 1981."

Figures for the first quarter show a relatively high level of both home and export orders, with total order intake almost 50 per cent up on the last quarter of 1980.

Most of this rise represents the distorting effect of large orders for power stations at Heysham, Torness and Hong Kong, rather than a general improvement in performance.

Forecasts for orders show what the report describes as a "modest improvement" in 1982.

The predicted improvement in the home market reflects an expected recovery of investment programmes by manufacturing industry in particular. No further improvement after mid-1982 is projected.

Export order intake is expected to pick up in 1982 as world trade begins to grow again. The report stresses that "the recovery we are forecasting is small in relation to the decline which has occurred since 1979."

By comparing production levels in the first five months of 1981 with those of 1979 as an indicator of pre-recession performance, the report shows that overall reduction in manufacturing production has been about 16 per cent.

Some sectors have suffered much more than this.

Capital expenditure is the main source of domestic demand for mechanical engineering products. In the first quarter, volume of manufacturing investment was 22 per cent below average 1979 level.

"This, the slump in manufacturing investment, is the prime direct cause of the slump in home demand for mechanical engineering products," says the report.

In the 16 months from December 1979 to April 1981 employment in mechanical engineering fell by 130,000, a 15 per cent reduction.

Employment has declined at a "fairly steady rate" of 11,000 a month since September. Output per employee remains 5 per cent below 1975 level.

"For output per employee in 1982 to return only to its 1975 level would require that employment also be between 20 and 30 per cent less than in 1975. This suggests that employment will continue to fall fairly rapidly."

Though "skill shortages" among manual workers have virtually disappeared in the recession, the survey shows that 20 per cent of companies still reported shortages of management or technical manpower. Of larger companies with more than 1,000 staff, 50 per cent had shortages.

The report, prepared by a working party of employers, trade unionists and Government officials, includes a study of engineering trade with Japan which shows that last year the engineering industry exported £19.8bn to all countries, of which only 1.1 per cent went to Japan. Imports were £15.4bn, with 8.3 per cent from Japan.

Mechanical Engineering Industry Short-Term Trends —Engineering Employers' Federation. By subscription only.

Plea on gas bill payments

THE ELDERLY should be able to pay their gas bills at electricity showrooms, Mr John Heddle, Conservative MP for Lichfield and Tamworth, said at the weekend.

Addressing members of Age Concern in the West Midlands, he said: "In the light of the Government's decision to instruct the British Gas Corporation to sell its High Street showrooms, I urge the Government to consider the plight of tens of thousands of elderly people who are used to paying their gas bill over the counter."

He said it was vital that they had somewhere else to go to talk over problems

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	British Furniture Manufacturers Exhibition (01-724 0851) (until Aug 12)	Belle Vue, Manchester
Current	Intnl. Gifts Fair (01-385 9201) (until Aug 13)	Olympia
Aug 21-31	Motorcycle Show—BIKE '81 (01-385 1200)	Earls Court
Aug 23-26	International Craft and Hobby Fair (04252 72711)	Wembley Conference Centre
Aug 23-28	Solar World Forum—International Energy Society Congress and Exhibition (01-493 6601)	Brighton Centre
Sept 3-5	Business and Light Aviation Show (01-643 8040)	Cranfield Airfield
Sept 6-9	Wholesale Jewellery Buyers' Autumn Fair (0935 20721)	The White House Regents Park
Sept 6-10	Watch, Jewellery and Silver Trades Fair (01-643 8040)	Earls Court
Sept 8-10	Laboratory 81 Exhibition (0799 22612)	Grosvenor House W1
Sept 8-11	International Carpet Fair (01-839 5041)	Exhibition Centre, Harrogate
Sept 11-13	National CB Show (01-437 1002)	Old Horticultral Halls, SW1
Sept 13-16	MAB International Menswear Fair (01-404 0801)	Earls Court
Sept 15-17	Industrial Environment Show (01-686 6339)	Olympia
Sept 15-22	International Plastics Exhibition—INTERPLAS (021-705 6707)	National Exhibition Centre, Birmingham
Sept 15-18	Offshore Europe 81 Exhibition and Conference (01-549 5831)	Aberdeen
Sept 15-26	Chelsea Antiques Fair (0727 56069)	Town Hall
Sept 20-23	London Sports Trade Show (01-353 4000)	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Aug 24-28	International Public Works and Municipal Services Exhibition—CIVICON (01-486 1951)	Johannesburg
Aug 25-Sept 2	International Exhibition of Agriculture, Machinery and Produce (01-486 1951)	Mexico
Aug 28-Sept 6	International Fair of Consumer Goods (01-874 6034)	Stockholm
Aug 29-Sept 2	International Fair (01-734 0543)	Frankfurt
Sept 4-13	International Radio and TV Exhibition (01-540 1101)	Berlin
Sept 5-8	International Exhibition of Sports Goods and Outdoor Activities (01-439 3964)	Paris
Sept 6-12	International Autumn Fair (01-493 3111)	Leipzig
Sept 9-12	Electronic Packaging Exhibition—INTERNEPCON (01-390 0281)	Taipei
Sept 9-17	International Engineering Fair (01-278 0281)	Brno
Sept 18-20	International Trade Fair for Tableware, China, Glassware, Cutlery and Metalware Accessories (01-204 1212)	Salzburg
Sept 11-20	International Autumn Fair (01-486 1951)	Zagreb
Sept 14-18	SE Asian Production Machinery and Engineering Equipment Exhibition (01-486 1951)	Singapore
Sept 19-20	Scandinavian Fashion Week (01-540 1101)	Copenhagen
Sept 20-23	Hardware Trade Fair (01-439 3964)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Aug 13	LCCI: Opportunities for British business in the Yemen Arab republic (01-248 4444)	Cannon Street, EC4
Aug 19	Institute of Credit Management: Credit Clerks Training Day (0990 23711)	Kensington Palace Hotel, W8
Aug 24-29	National Association of Corporate Real Estate Executives: Investment Opportunities in the Northeast U.S. (Germany Tel. 4189509 pretd.)	Boston, Mass.
Aug 25	Management Training Consultants: Modular Approach to Supervisory Training (0533-27062)	Aberdeen
Sept 3	Citizens' Rights Office: Income Maintenance and the Personnel Officer's Job (01-405 5942)	Cora Hotel, WC1
Sept 7	British Computer Society: Query Languages for the End User (01-637 0471)	Mount Royal Hotel
Sept 10	IPS: Materials for industry—present and future (0990 23711)	Europa Hotel, W1
Sept 10-12	Institute of Local Government Administrators: Employment—the Local Government Response (0206 45212)	Birmingham
Sept 13-26	Seatrade Academy: Anatomy of Shipping (0223 353451)	Cambridge
Sept 15	CBI: Introducing single status employment—what's the difference? (01-379 7400)	Centre Point
Sept 15	The Henley Centre for Forecasting: Revitalise your market thinking (01-353 9961)	London Press Centre
Sept 16-17	Financial Times: Euro-Korean Symposium (01-621 1355)	Brussels
Sept 17-18	The Economist: International Oil Supplies and Stockpiling Conference (01-839 7000)	Hamburg
Sept 17	Freight Transport Association National Conference: Efficiency in the '80s (0892 26171)	Wembley Conference Centre
Sept 17	Institute of Directors: The financial and legal implications of management buy-outs (01-839 1233)	Pall Mall, SW1
Sept 21-23	DIBC UK/Tullett and Riley: Foreign exchange and money market dealing (01-788 5126)	Great Eastern Hotel, EC2
Sept 22	IPS: Materials Management (0990 23711)	Europa Hotel, W1
Sept 22-24	IBM: Planning and control for data processing managers (01-864 5573)	Gatwick
Sept 23-26	International Bar Association: The future of London arbitration (01-930 6432)	Waldorf Hotel, WC1
Sept 28-29	MSS Computer and Business Consultancy: Computer appreciation for managers/users (Worthing 34755)	Worthing
Sept 28-29	AMR International: Advanced executive secretaries (01-262 2732)	Helsinki
Sept 29	Dun and Bradstreet: More effective collection technique for credit controllers and supervisors (01-247 4377)	Cafe Royal, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Two killed after Maze death

BY OUR BELFAST CORRESPONDENT

TWO people died and several others were injured in violence in Northern Ireland after the death of another hunger striker. It happened on the eve of yesterday's tenth anniversary of internment without trial in Northern Ireland.

Mr Thomas McElwee, aged 23, died after 62 days on hunger strike in the Maze prison in Belfast, where he was serving 20 years for the manslaughter of a woman in a fire bomb attack. He was the ninth striker to die.

Republic sources said yesterday that the condition of Mr Michael Devine, on his 49th day without food, had deteriorated sharply.

More than 1,000 petrol bombs were hurled at the security forces in widespread rioting in Republican districts. Two policemen were slightly injured by gunfire in Londonderry.

The anniversary of internment, which was introduced in 1971 but later phased out, was marked by several demonstrations.

The Royal Ulster Constabulary said the circumstances of the two weekend deaths were being investigated. A 19-year-old man died from bullet wounds after shooting was heard in the Ardoyne area of Belfast. A man in his 40s was killed during rioting. Republicans claimed he was hit by a plastic bullet fired by the security forces.

A further statement from the hunger strikers claimed the Government was wrong to argue that meeting their five demands would mean having to abandon control in the prison. If it believed that the hunger strikers would give up their protest sooner or later, then it was in for a rude awakening.

The Northern Ireland Office said it had nothing to add to the statement on Friday by Mr Humphrey Atkins, the Northern Ireland Secretary. He had dismissed a document issued by the prisoners because it showed "no change of substance" in their attitude.

Steel seeks SDP peace

MR DAVID STEEL, the Liberal Party leader, yesterday tried to defuse a row between his party and the Social Democratic Party over the share-out of seats at the next General Election.

Neither side wants to surrender to the other what it regards as the most favourable seats.

Mr Steel's call on the BBC Radio Four programme World This Weekend for the alliance to pull together wes echoed by the SDP's Mr William Rodgers, one of the original members.

Mr Rodgers said: "Our standing in the polls is very high, and there is no safe Labour or Tory seat now in England, Scotland or Wales."

But Mr Cyril Smith, Liberal MP for Rochdale, who has expressed scepticism about the alliance, warned that if the share-out was to be decided by party leaders and not locally there could be a rebellion by 300 local Liberal Associations.

Mr Steel said: "I get the impression the electors are much less concerned whether a candidate in their particular seat is a Liberal or SDP.

"What they want to know is whether the two parties are capable of fielding a common slate of candidates throughout the country to give everyone the chance of voting for a completely new form of government."

"The first thing is to achieve the opportunity for everyone in the country at the next election to vote for an alliance candidate, and I stress the word 'alliance'.

Press victims' right of reply

By David Churchill

NEWSPAPERS are morally obliged to give a right of reply to people or groups they criticise, says Mr Patrick Neill, chairman of the Press Council, in the council's latest report.

The report covers the 18 months to December, 1978, when complaints rose by 11 per cent to 1,070—equivalent to an annual figure of 714.

The council adjudicated on 98 cases, upholding 45 and rejecting 53. A total of 208 complaints were disallowed, 693 withdrawn or not pursued and 24 settled by conciliation.

The Press and the People: 25th Annual Report of the Press Council, 1, Salisbury Square, London, EC4. £1.50.

Leyland's market share drops

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BIG problems at BL's comercial vehicle business have been spolighted by the latest registeration statistics.

While total sales are very low, registrations of Leyland trucks over 3.5 tons have plummeted 40 per cent over the first seven months of 1981 from the same period last year—6,902 to 4,130.

And at the lighter end of the market, sales of the group's Sherpa van slumped 48 per cent over the same period, from 8,766 to 4,550.

In both sectors BL lost market share because total sales of vehicles over 3.5 tons were down 37.5 per cent on 1980 and those in the Sherpa catagory—purpose-built vans—down 23.5 per cent.

It is ironic that just as BL seems to have got its car business on the road to recovery, the once-profitable commercial vehicle operations should now give cause for concern

BL faces appalling conditions in the home market. Society of Motor Manufacturers and Traders statistics show sales of commercials down nearly 26.5 per cent in the seven months, from 167,978 to 123,588.

And there are also the difficulties associated with exporting when the pound remains overvalued against most major trading currencies. BL has already warned the unions that something will have to give

It told the unions in May that Leyland Vehicles, the truck and bus subsidiary was losing £10m a month and that all spending, including investment projects, was under review. Leyland broke even in the first half of 1980 but suffered a trading loss of £32m for the full year.

BL said in May it hoped economies could be found without cutting at the basic fabric of the business, but much depends on the duration of the recession.

The slump in sales has not only hit the UK but has been overtaking big Continental markets just as Leyland has launched its new T45 truck range there.

Sir Michael Edwardes, BL's chairman, recently complained about the share of the UK van market captured by the Japanese to the detriment of the Sherpa, now produced by a recently-formed subsidiary, Freight Rover.

However, Ford's Transit van seems to be doing most of the damage. In July, for example, more than half the vans registered were Transits—3,466 out of 6,766.

Importers took over 21 per cent of the market, compared with 17 per cent in July 1980, while in the year so far the importers' share was 28 per cent, against 23.25 per cent.

Seeds of a million pound business

John Elliott on a plant-breeding scheme built up from nothing

A WINDSWEPT garden nursery on the declining horticultural southern coast of the Wash is not the first place one would look for entrepreneurs of high technology.

But at Floranova, a few miles west of King's Lynn, two botanists have spent five years building up what they hope will soon become a million-pound plant breeding business, using biotechnology techniques to improve the quality and profitability of the flower seeds they produce.

Having started with almost no funds, they are now attracting the attention of the British Technology Group and other potential financal backers, and obtaining orders from big seed merchants.

The founders were at Hull University together. The chairman, Mike Hough, 36, used to work as a plant-breeder for a seed merchant. He became exasperated with his employers' view that the UK could not compete with Holland and the U.S. as seed producers.

As a committed botanist, he also resented the seed merchants, tendency to regard plant-breeding as an arm of the marketing department, ignoring the potential for scientific development.

Another botanist, Ed Bent, was also fed up with working for a large company, and the third founder, John Jeffery, was bored with life as a small-town solicitor.

So, together with Mr Hough's wife Rosalind, a teacher, they bought a near-derelict £11,500 house with 5,000 sq ft of glass-house space in its back garden. This became their headquarters, and Mike Hough and Bent started work breeding plants, living on money earned by Mrs Hough's teaching and by Mr Jeffery's law work.

The object was to set different goals from those of regular seed merchants by starting out to breed new plants and then produce their seeds, which would be sold through the merchants.

"Plant breeding is simply a form of product development. But it can take up to 15 years to develop some plants, so we are in the sort of development cycles of businesses like pharmaceuticals," says Mr Hough.

Leonard Burt

Dr Brian Eddy, technical director of Floranova, inspects a geranium seed growing in the company's micro-propagation tissue culture laboratory.

If that makes plant breeding sound a rather slow and tedious business, Mr Hough is quick to explain the positive aspects, first of proving the UK can compete, and second of moving into the area "of getting genetic answers to horticultural problem."

"There is a great excitement factor and you've got to have that, and the participation of a sort of barn-storming approach, to get really good high technology results."

Basically, Floranova has to produce seeds good enough to attract the UK's 20 main seed merchants and another 400 abroad, who already have their own sources of supplies. Its seeds have found their way into several merchants' catalogues, so it is now poised to enter the volume production business.

Surrounded by rows of plants —30,000 of them, representing 3,000 experimental, hybrid varieties— Mr Hough explains: "We can't design a precise product because it's a living thing —so we need some luck."

Floranova specialies in ornamental plants, particularly geraniums, inbreeding plants to remove the variations that merchants and customers dislike, and cross-breeding to restore the "vigour" lost by the inbreeding. The seeds which emerge are then produced abroad.

More recently Floranova has moved into genetic engineering, using cloning methods to speed up the breeding process so that a new strain can be found in perhaps six months instead of up to five years.

Finding cash at the start to boost Mrs Hough's and Mr Jeffery's salaries was not easy.

"The banks thought we were just pottering about with plants. The bank managers in King's Lynn regarded plant breeding as something needing finance for a JCB digger or some other farm equipment, not funding for a five-year development programme," Mr Hough says.

So four year ago a subsidiary company was set up to generate enough cash flow to pay for research and development. Called Hough and Jeffery, it distributes ordinary house plants to houses and shops around East Anglia, using Floranova's spare glasshouse space for storage.

This showed the banks that Mr Hough and his friends were not just eccentrics, and it helped to persuade Barclays Bank to lend £20,000 to £30,000.

Barclays, he says, was "tough but supportive." and wanted too much personal security on limited borrowings.

The next stage of the company's financial development came when it wanted to switch from traditional plant breeding into the genetic mass cloning methods. It obtained £25,000 from the National Research Development Corporation (now part of the British Technology Group) to fund a three-year project.

This enabled it to recruit another highly experienced botanist, Dr Brian Eddy from Ciba-Geigy, who was made an equal partner with the founders.

Next, more money was needed to market internationally the seeds that began to emerge from all the research. So Mr Hough last year toured City institutions, all of whom seem interested, even enthusiastic, but somehow never produced the £150,000 he wanted in the form of a loan or equity.

Time was running short if seasonal markets were not to be lost and this year he decided to go to the National Enterprise Board (now the NRDC's partner in British Technology). The NEB's Oakwood high-risk loan scheme was launched about the same time and, within 50 days of applying, Floranova was offered a £50,000 loan.

Although only a third of what he had been asking for, this is proving enough to tide Floranova through the year. But more funds will be needed, especially if there is a crop failure.

So this unusual company now employing nearly 20 people, is well on its way to making its first profits as a breeder and producer of plant seeds providing an alternative source of supply to the established American and Dutch merchants.

Like most high-technology ventures, it is not doing much for the unemployment problems of its home area, but it is proving how entrepreneurial drive, business flair, plus a little State cash can usefully come together to break new ground.

BR seeks talks in effort to avert strike

By John Lloyd, Labour Correspondent

BRITISH RAIL is to try to avert the threatened national rail strike, now three weeks away, by opening talks with the rail unions towards the end of this week.

Mr Cliff Rose, the BR Board member for industrial relations, will telephone the leaders of the two rail manual unions which have called the strike, to attempt to establish a basis for discussions.

BR hopes the National Union of Railwaymen and the train drivers' union Aslef can be persuaded to modify their demand for the full wage increase recommended by the Railway Staffs National Tribunal.

That recommendation was for an 8 per cent increase from April 20 and a further 3 per cent from August 1.

BR will continue to insist that the second 3 per cent payment be conditional on agreement on a productivity package which proposes single staffing on trains, a common promotion structure — ending the demarcation which separates drivers from other railwaymen — and unmanned stations.

The bargaining counters on the Board's side are a flexibility over when the second 3 per cent should be paid, and on what form the commitment should take.

It is clear, however, that BR sees no room for manouevre over the commitment to productivtiy. It must ask the Government for an extra £100m to cover the estimated overrun on its £920m external financing limit (which assumes an 8 per cent settlement), and knows it will not get more to cover the extra 3 per cent without a solid promise of productivity.

It will stress to the unions that a strike would be disastrous for the rail network and for future investment programmes—mainly electrification — which are already regarded with disfavour by the Treasury.

The unions, at least in public, are maintaining a hard line on the basis of the tribunal award. Mr Ray Buckton, general secretary of Aslef, said yesterday: "We would be willing to meet BR any time on the basis of new proposals. This could be resolved by their abiding by the independent tribunal award."

Mr Buckton said indications from his union's rank and file are that members are solidly backing the strike. "That's not surprising when you consider they've slipped from number four in the wages league in 1975 to number 44 today," he said.

Mr Sid Weigell, general secretary of the NUR, the largest rail union, said: "I would hope that the board would meet us to put a better offer than we got last time. But I've put all the compromises to them I can think of, and I don't know how we can go from there."

Union immunities battle looms as TUC takes up the gauntlet

The General Council, already planning a full-blooded campaign against reform proposals, has issued a vehement reply to the Government's Green Paper, reports JOHN LLOYD, Labour Correspondent.

THE TUC General Council's reception of the arguments in the Government's January Green Paper, Trade Union Immunities, is not suprising.

Although the Green Paper makes an effort to discuss the place unions in an industrial society in a balanced way the drift of its thinking, as the TUC notes, is that unions "have too much power and too few obligations, and that it is Parliament's job to correct this disequilibrium of bargaining power."

To this general point the TUC statement makes a general, sharp response, which concisely captures the deeply held view of many unions.

It says: "Trade unions are too weak, not too strong. Trade unions — especially in a period of recession — can frequently offer only inadequate countervailing pressure in response to the ever-expanding power of huge associated companies and transnational corporations. Moreover, the Government's pursuit of economic policies which have resulted in widespread redundancies and the re-emergence of mass unemployment has affected the bargaining influence of the unions.

"This has been accompanied by a marked change in aproach by some managements aimed at undermining strong trade union organisation, and there is some evidence of increasing victimisation."

More interesting than the mere fact of the rejection is the self-confident and often vehement tone of the opposition expressed in the statement —which will form an annexe to the General Council's report to Congress in September—and the prospect of what form the resistance will take.

The TUC, heartened by the success of the People's March for Jobs, has been working hard in the past months at drawing groups such as youth, the unemployed, women and pensioners into an alliance to fight the Government's measures. The logical extrapolation of this statement is for further legislation, and for the Employment Act, to become the focus of its own and joint campaigns.

Most of the statement is concerned with a rebuttal of the main themes of the Green Paper. Of special interest are those provisions which, Mr James Prior, the Employment Secretary, has identified (somewhat reluctantly) as likely for legislation in the coming session: secondary picketing and the closed shop.

On secondary picketing, the statement notes that the Employment Act already imposed "considerable restrictions." and that the Green Paper proposes more of the same. The various proposals canvassed in the Green Paper would mean that employees in dispute would be denied "effective support from trade unionists elsewhere." it says, or at least would be "highly restrictive and lead to complex problems in its application by the courts.

"Not only would such a totally inequitable approach bring the law into disrepute in the eyes of trade unionists, but also the resulting intervention of the courts in industrial disputes about the utilisation of legal sanctions to influence the bargaining relationship between employers and unions would dangerously aggravate industrial relations problems."

On the closed shop, the Green Paper implies that the system is a factor in the UK's poor industrial performance and notes that more successful countries have declared it illegal, says the statement.

It defends the closed shop on the traditional grounds that such arrangements cover between 5m and 6m workers, that they strengthen the union's representative capacity and that they have been negotiated freely.

On the specific issue of "union labour only" clauses—which restrict managements to dealing only with contractors who recognise unions, and is geenrally thought to be an area earmarked for legislation by Mr Prior—the statement says such practices "help safeguard union standards in relation to terms and conditions, job qualifications and safety and to maintain job opportunities in traditional areas for union members in face of widespread subcontracting."

Action taken against the practice could "not only have serious implications for the extension of union membership, but could also affect action on undercutting, recognition, demarcation and other issues."

Other proposals—to end the immunity granted to trade union funds, to strengthen the law on picketing, to redefine a "trade dispute," to introduce legally-enforceable collective agreements, to require or encourage secret ballots before industrial action, to make specific provisions against strike action for workers in essential services and supplies and to introduce a system of positive legal rights—are turned down flat.

TUC cash appeal for jobless centres

BY PAULINE CLARK, LABOUR STAFF

A NATIONAL campaign is being launched by the TUC this month to raise money and increase resources to expand its new network of special centres for the unemployed.

Employed trade unionists throughout the country are being asked to contribute £1 each to the project which aims to give practical help to the unemployed and to encourage closer contact between them and the employed.

The TUC set up the project less than a year ago but is already claiming major success with a total so far of 70 centres across the country. Many have been set up with help from trades councils and local authorities. Some have also received assistance from Manpower Services Commission staff through the community enterprise programme.

Mr Ken Graham, TUC assistant secretary, said at the week-end that one of the main aims of the project was to "remove the wedge between the employed and the unemployed."

TUC affiliated unions were being encouraged to try to retain links with members who lose their jobs and to recruit actively among the unemployed although this has caused some problems over rule changes in individual unions.

Mr Graham said the centres were co-operating closely with a range of voluntary organisations in their work of advising, assisting and involving the unemployed.

The centres often operated as "surgeries", giving advice to the unemployed on how to claim the social security benefits available to them, where to look for jobs and how to take advantage of training facilities.

Exhibition builders to take action on pay

BY OUR LABOUR CORRESPONDENT

BUILDING WORKERS in the exhibition industry will begin industrial action this week after the breakdown of talks with employers over a pay claim.

Employers had offered a 9.1 per cent deal, but had refused to backdate it to the normal July 1 settlement date. The Union of Construction, Allied Trades and Technicians, which has about 8,000 members in the industry, had claimed a "substantial" rise.

But action is likely to be limited. Mr Sam Reading, the operative side secretary of the exhibition industry national joint committee and a UCATT national officer, has told his members to stop work at 4 pm on Wednesdays, and will consult shop stewards on calling half-day stoppages.

All flexibility in overtime working will also be discontinued, Mr Reading said: "We will be looking for the maximum impact in order to achieve an agreement."

The union said it had agreed to conciliation by the Advisory, Conciliation and Arbitration Service, but employers had now withdrawn from the conciliation machinery.

Caravan makers 'threatened'

By James McDonald

MANY MORE smaller companies in the caravan industry will disappear and only the larger and more innovative makers will be able to put together the financial packages needed to entice dealers, says a report published today by ICC Business Ratios.

The report compares the financial and managerial performance of 99 manufacturers, traders, caravan park operators and suppliers in the three years to mid-1980. It says that, except for park operators, profitability in the industry has been more than halved in the past four years.

European competitors must be matched on productivity, quality and price if lost market shares at home and abroad are to be regained by domestic manufacturers, the report says.

The Caravan Industry, ICC Business Ratios, 81 City Road, London, EC1. £95.

UK may order ship for nuclear dumping

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN may order a vessel next year for dumping of radioactive waste in the Atlantic, a Department of Environment study suggests.

The rise in the rate at which Britain is dumping radioactive waste at sea suggests that the Government must decide how to expand its capacity before the end of 1982. The vessel would be the first of four or five new facilities in which Britain must invest over the next 10 years.

The proposal is one of the ideas from a £10m-a-year research programme by the Department of the Environment into the management of radioactive waste. Since 1978 the department has been working on a national strategy.

The first facilities which the department foresees are for mildly radioactive laboratory trash such as protective clothing and disposable apparatus.

Several hundred tonnes of this bulky waste, embedded in 10 times its weight of concrete and steel, are dumped each summer on the bed of the Atlantic about 2.5 miles deep.

This waste dumped is low in plutonium contamination. Similar waste, more heavily contaminated with traces of plutonium, is buried on land.

But sea dumping can take place only during a short period in mid summer. To meet the increasing demand for such dumping officials forsee several possibilities.

One would be a bigger vessel, especially equipped to carry larger amounts of waste, and in bigger packages than the present maximum of three tonnes.

A special vessel capable of transporting spent nuclear fuel when it was not engaged in sea dumping is another possibility. A third choice would be to order special equipment for fitting to a bigger cargo ship for the annual sea dump.

Because of the controversial nature of sea dumping, the Government may decide to abandon the practice and build more capacity for burying the waste.

Wedding hits use of credit

By Our Consumer Affairs Correspondent

DEMAND FOR consumer credit facilities last month fell by about 5 per cent from the same month last year, mainly as a result of the public holiday for the Royal Wedding.

The United Association for the Protection of Trade, the largest UK credit information agency, reports that July demand for credit was 3 per cent down from June.

Dr Brian Bailey, the association's director general, said: "It would seem that consumers reduced their credit spending by one day's worth in July, which is unlikely to be made up by heavier spending during another period."

The John Lewis Partnership also reports sales down in Royal Wedding week because of the lost day's trade. Sales in the company's department stores in the week ending August 1 were 7.5 per cent down in value from the same week last year.

However, the group's food sales were up by 10.8 per cent that week, reflecting increased demand for food over the public holiday.

Norwegian yard wins £18m order

By Andrew Fisher, Shipping Correspondent

BLANDFORD Shipping, part of the Norwegian-based Fred Olsen group, has placed a NKr 200m (£18m) order for two refrigeration ships with a Norwegian yard.

The ships, each with a capacity of 350,000 cubic feet, are to be built at the yard of Fosen Mek. Verksteder. The first is due for delivery in October of 1982 and the second about a year later.

The Norwegian yard will be taking on extra workers to meet the order from Blandford, which has previously placed orders with yards in both Britain and Norway.

Because of the technology to be used in the new ships, they will need a crew of only 12, far fewer than normal for this type of vessel.

Also in the market for new ships is the Indian Government, which plans to order 32 cargo vessels from foreign yards next month.

British Shipbuilders, which plans to announce a major foreign order today, is in the running for part of the contract from India, as are yards in Japan, South Korea, Brazil, Eastern Europe, Spain and West Germany.

The India ships will be used by two state-owned shipping companies, The Shipping Corporation of India and Moghul Lines. The orders could total up to $400m.

NCB set to win deals with Finland

By Martin Dickson, Energy Correspondent

THE NATIONAL Coal Board is expected to sign agreements this week to supply 750,000 tonnes of coal a year to two Finnish electricity companies for the next three years, according to international traders.

Finland's coal imports have been hit by political upheavals in Poland. The Finns have been buying about 4m tonnes of coal a year from Poland in recent years but they only expect to get 1m tonnes in 1981.

Half of the 3m tonnes shortfall could be met by the NCB.

The Finnish deals are part of a major coal export drive by the NCB, which is expecting to sell more than 9m tonnes of coal abroad during its 1981-82 financial year, together with 1m tonnes of coke. This compares with coal exports of 4.5m tonnes last year.

The UK's relatively high production costs mean the NCB makes little or no money on its exports. But officials say the sales provide valuable cash flow at a time when the board's output is outstripping depressed home demand. Exporting the coal also saves money which would have to be spent adding it to stocks.

The first British coal to be sold to Israel was loaded last week at the NCB's deep-water terminal at Immingham,

BUILDING AND CIVIL ENGINEERING

Vigorous orders for Willett

HEALTHY REPORTS from Trafalgar House Group's UK building division, Willett, include boosts in industrial building and a shopping development package, totalling in all about £32m.

Redevelopment of the old Firestone site on the Great West Road in Brentford for Builders Amalgamated Company and Royal Insurance comprises an £18.5m job to be known as the "West Cross Centre."

This development will effect light industrial/warehouse units (about some 509,000 square feet) and refurbishment of the existing warehouse (amounting to 165,000 square feet); and offices and a retail warehouse covering 40,000 square feet.

Also included in this scheme are five shops, a pub, and squash courts with ancillary social facilities. Work will be carried out on a phased basis over the next two years.

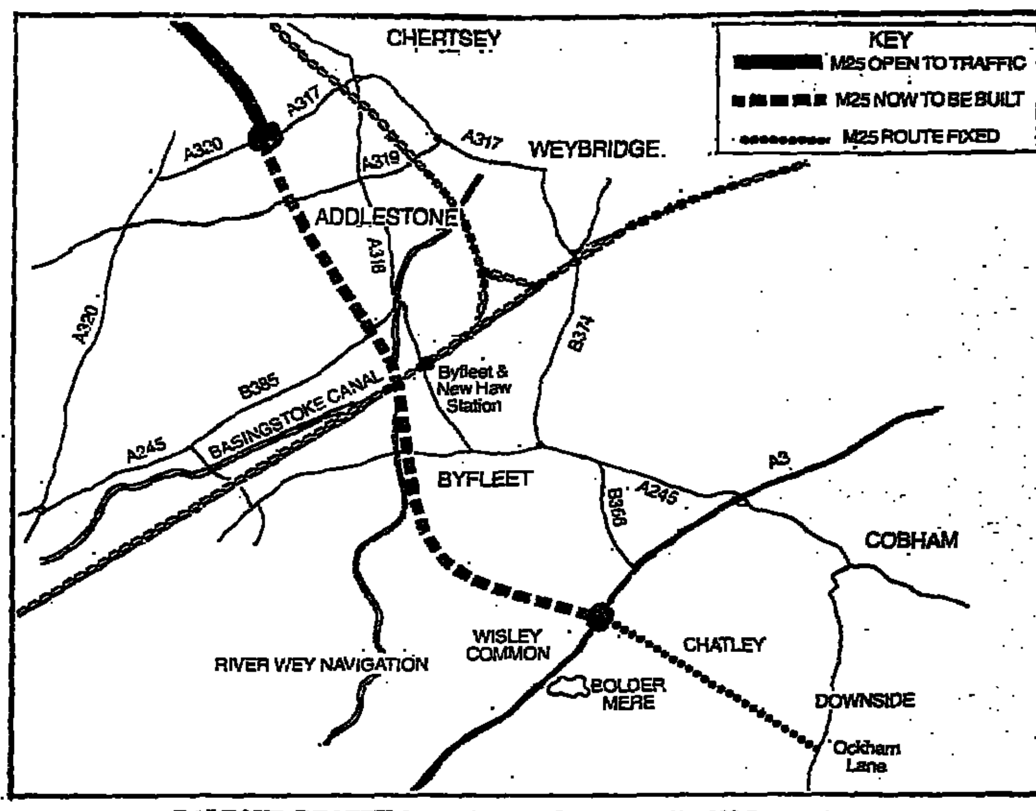
Willett is busy in Peckham with the beginning of a new supermarket for J. Sainsbury, and a multi-storey car park for the London Borough of Southwark. This £5m's worth includes the construction and complete fitting out of the store, and the car park (which will be built partly over the supermarket) will be able to accommodate 700 vehicles. The company anticipates completion here in about 18 months.

Three further industrial projects are a £1.2m development for Whitbread and Co., at its Maidstone Brewery; a £6.5m industrial development for Trafalgar House (Industrial) Developments in Croydon; and phase five of the Gillingham Industrial Park complex for Grosvenor Estate Commercial Developments at £1m.

At Maidstone will be a new single storey steel framed storage depot together with modernisation and enlargement of an existing three-storey office building.

In Croydon, the company is building 127,328 square feet of factories and warehouses in 26 units.

Gillingham phase five brings the total amount of work on this development to £3.8m for Willett, and this latest contract is for the erection of 11 warehouse units in two blocks.



BALFOUR BEATTY is to start work soon on its £20.7m contract for a further section of the M25 between Chertsey Link Roads (St Peter's Way) at Addlestone and the A3 at Wisley, Surrey.

Expected to take about two years, this involves the construction of about five miles of motorway with dual three-lane carriageways, and the completion of the partially built interchange with St Peter's Way and the A3.

Included in the job are earthworks for the short length of the motorway eastwards from the A3 interchange as far as Ockham Lane.

Under Secretary of State for Transport, Kenneth Clarke, says he hopes that the whole of the M25 will be open to traffic by the end of 1986, and that it is planned as a high standard road of about 120 miles around London, crossing the Thames by the Runnymede Bridges in the west and the Dartford Tunnels in the east.

At present, some 70 miles are open to vehicles (or under construction) and the route for a further 26 miles has been fixed.

House costs trebled since 1973

THE PRINCE and Princess of Wales are doubtlessly unaware that their wedding of the century has added another £35 to the cost of a three-bedroomed semi-detached house.

This sour figure has emerged from a report covering Building magazine's Housing Cost Index published last week which showed that the extra public holiday affected the labour element ensuing an 0.4 per cent rise.

House building costs have now trebled in the past seven and a half years, but a celebratory note from Building is its forecast that costs are now slowing down.

In July the index topped 300 (it was 100 in December 1973), and in a year when costs have been at a standstill it was the annual building industry wage award that took the index past the milestone.

Basic cost of materials and labour (land costs are excluded from the index) needed to build the average home has increased threefold since the beginning of the index in 1973. It doubled in the first five years of its life to 1978 and, to date, has maintained an average yearly lift of 16 per cent.

The good news is that this situation is not likely to continue. This year has been significant for a flattening out of the index which actually enjoyed a fall in June because of reductions by manufacturers' and builders merchants' discounts.

From July last year until the same month this year the housing cost index has increased by 8.7 per cent against a tortuous 23.3 per cent increase during the preceding 12-month period.

This is because the annual building industry wage award in 1980 was a 20 per cent package—this year's was only 7.2 per cent.

A slow rise

Appraising the rest of the year, Building predicts a slow rise in costs as the materials element is now at rock bottom while, following the annual settlement, labour costs should not increase notably.

Despite the evidence that costs are stabilising, prospects for housing output still look grey. Latest Department of the Environment figures on private housing starts for June quarter are 8 per cent on the previous three months. Public sector housing is not far from moribund due to Government spending cuts.

Private housing fell to a peace-time low of 97,400 last year. Indications for this year's total suggest something less than 120,000—this could be the lowest figure since 1974.

Deborah Pickering

Housing Cost Index is prepared exclusively for Building by the Building Cost Information Service of the RICS. Further information on 01-353 2300.

Diving for new work

BRITISH OCEANICS' British Enterprise One is to work in the Mediterranean with Mediterranean Survey and Services as a support vessel on a deep geological survey lasting 60/80 days for Samin.

British Enterprise Two will function for air diving operations under contract to Amoco in the southern North Sea, while British Enterprise Five is currently engaged with Subsea Surveys as mother ship for the remotely-operated vehicle Consub Two under contract to British Petroleum Development.

Other vessels in British Oceanics' fleet continue in their designed roles as manned submersible mother ships for Mobil (carrying out wellhead clearance operations); completing operations for Marathon on the Brae field line; carrying out pipeline survey jobs for Texaco and British Voyager; with Shell Expro on Cormorant, Dunlin, Brent; and the FLAGS trunk line inspection and maintenance contract.

Royal command

Royal Covent Garden has involved the Philip Flooring Company in an extension scheme aimed at providing improved facilities for the opera and ballet. The company is to lay two floors in the two ballet studios, the ensemble room, the opera rehearsal room, conductors' room, chorus rehearsal room, with sub-flooring to a number of these areas. The contract is worth around £40,000.

Mowlem £15m reservoir award

AN AQUEDUCT from the new Carsington reservoir in Derbyshire is to be constructed by John Mowlem and Company under a £15m contract awarded by the Severn-Trent Water Authority.

This is the second major award announced on the £40m reservoir scheme planned to meet the rising demand for water for three million consumers in Derbyshire, Nottinghamshire and Leicestershire.

The contract for the construction of the dam and ancillary works was let in May to Shephard Hill for £11m. Work has already started by this company and will be phased to enable the filling of the reservoir to start during the winter of 1984.

Mowlem's aqueduct project commences next month, when almost all of the 10 kilometre length will consist of concrete lined tunnel 2.5 metres in diameter, but about two kilometres of concrete lined ductile iron pipeline of 1.6 metres diameter will be laid across the Ecclesbourne Valley.

Work includes modifications and extensions to the existing river intake and pumping station at Ambergate.

Construction of roadworks for the scheme is nearing completion, reports the Authority, and contractor Robert McGregor & Sons expects to finish outstanding work on the Carsington by-pass at the end of next month.

Water will be taken from the River Derwent during the winter and pumped along the acqueduct to the reservoir—in dry weather, the water will be released back into the river to enable abstraction to continue. Eventually, the 725 acre reservoir will be able to supply 52m gallons of water a day.

Reduces drab in the office

INTERCRAFT DESIGNS is proffering products and design systems to increase comfort and environmental ambiances for a number of clients whose awards total more than £1.5m.

New chairs are destined for EMCO's Albert Embankment headquarters (value £300,000), Baring Brothers' Bishopsgate and Cannon Street's new Scandinavian Bank's building have storage, screens and Transform placed contracts for epsilon, units.

London Life Association's £¼m Intercraft System will brighten its new Bristol HQ; Transform II, screens, chairs and storage are on the way to Ranks Hovis McDougall under a £100,000 contract, and a further £150,000 is for desks and storage for Morgan Grenfell.

Other supplies of furniture and help with space utilisation and office reorganisation are for Mobil Services, the Clerical Medical and General Life Assurance Society, Cambridge University Press, and British Caledonian Airways, Crawley.

Intercraft is on 01-439 1725.

IN BRIEF

- Jobs worth over £1.5m just announced by Totty cover the rebuilding of the Territorial Army Centre at Belle Vue Barracks, Bradford, new nursery factory units at Coppice Industrial Estate, Oldham, and extension to Station Mills at Bradford for Benson Turner and Son.
- Two mechanical seminars, "The Design, Manufacture and use of Glassed-steel Equipment in the Chemical and Pharmaceutical Industries, "both run by Balfour" are reported by the company to have been well attended and applauded by the attending delegates. Information about further seminars on 01-222 2202.
- Birmingham builder H. R. Truman reports successes in the private sector with £70,000 received for improvements and extensions, and says it has recently landed a place in the list of approved contractors for Birmingham's urban renewal scheme.
- Barratt Construction will build 54 houses at Inshes Wood, Inverness under a £1m contract from Scottish Special Housing Association.
- Henry Boot is to undertake a refurbishment project for the Boots Company new premises in Market Place, Durham. The company has also started work on a £450,000 alteration and refurbishment contract in Exeter for Arrowcraft Group on a fee contract.
- Ardex Surfaces has awarded a design and build contract (inclusive of all fees) worth £499,000 to Walter Lawrence and Son for new warehouse, batching plant and offices, together with infrastructure and landscaping at Homefield Road, Haverhill in Suffolk.
- Part of a £2m redevelopment scheme at Paddock Wood in Kent is worth £700,000 to Atcost Projects which is involved in a factory and office complex for new owner of the site, Dana Properties.
- Orders worth over £1.3m have been received by Cowdi Al of Wembley which include the supply and fitting of curtain walling, thermal break windows and vertical sliding sash windows for John Laing's project at London's NRDC, and similar supplies for Wates Construction's job at Stafford House, King William Street, London.

Heathrow apron

THE FIRST phase of Heathrow Terminal Four pavement quality concrete airport apron whose management contractor is Taylor Woodrow, is worth £5.3m to Trafalgar House company, Cementation Construction.

Work here for the British Airports Authority consists of some 130,000 square metres of pavement quality concrete. About 85 per cent of this will be machine laid, and includes all the surface water drainage, cable pits and ducts, a water main, the hydrant fuelling pipeline installation, and landscaping.

Cementation announces that this is the tenth construction project at various UK airports is has won during the last three years.

The company says this latest job is due to be completed in the late summer of 1983.

Manston's £4.5m deals

MEMBER of Espley-Tyas Property group, Leeds-based Manston (Contractors), announces new construction projects which together are valued at £4.5m.

Its most recent successful negotiation is a £3m supermarket to be built at Stavely, near Chesterfield, for William Morrison Supermarkets. Work has already started here and includes 40,000 sq ft of shop space, warehouse, filling station, two-storey administration block, and extensive car parking. Completion should be in April next year.

Other schemes are a factory extension for Dunlop Sports Company at Horbury, near Wakefield; a new 40,000 sq ft warehouse for British Road Services at Knottingley; and 26 dwellings for the Headrow Housing Association at Boston Spa near Wetherby.

Whyatt's £2m's worth

CONSTRUCTION arm of the Finlas Group, Whyatt Builders, has won two schemes with a total value of £2m.

Work is underway on the conversion of existing properties in Pembridge Gardens, London W2, into 76 self-contained units for Columbus First Housing Association.

Second scheme is a new extension and alterations to existing buildings at Whitfield School, London, E17, for the London Borough of Waltham Forest.

Abbey habitat costs over £3m

A NEW computer building in Bletchley, Buckinghamshire, is to be constructed for the Abbey National Building Society by Sir Robert McAlpine and Sons.

This eight metre high single storey structure is worth £3.017m to McAlpine and will measure 74 metres by 48 metres on plan.

The building will consist of Alucobond cladding above brick walls, and will be air conditioned and centrally heated throughout.

Environmental Partnership of Cheshire will act as project manager and supervising officer. Roger Hobbs, John Corbey and Associates are the architects, Henry Cooper and Sons the quantity surveyors, and Brian A. Murton and Partners the consulting engineers.

The contractor is starting work immediately and plans completion in mid-1982.

Colliery civils uses Monk

BARNSLEY AREA of the National Coal Board has placed a £4.3m civil engineering contract with A. Monk and Co. for work at the Redbrook Shaft situated near Dodworth.

This reconstruction job calls for main surface civils as well as some building. There will also be roads and pavings, drainage and stockyard.

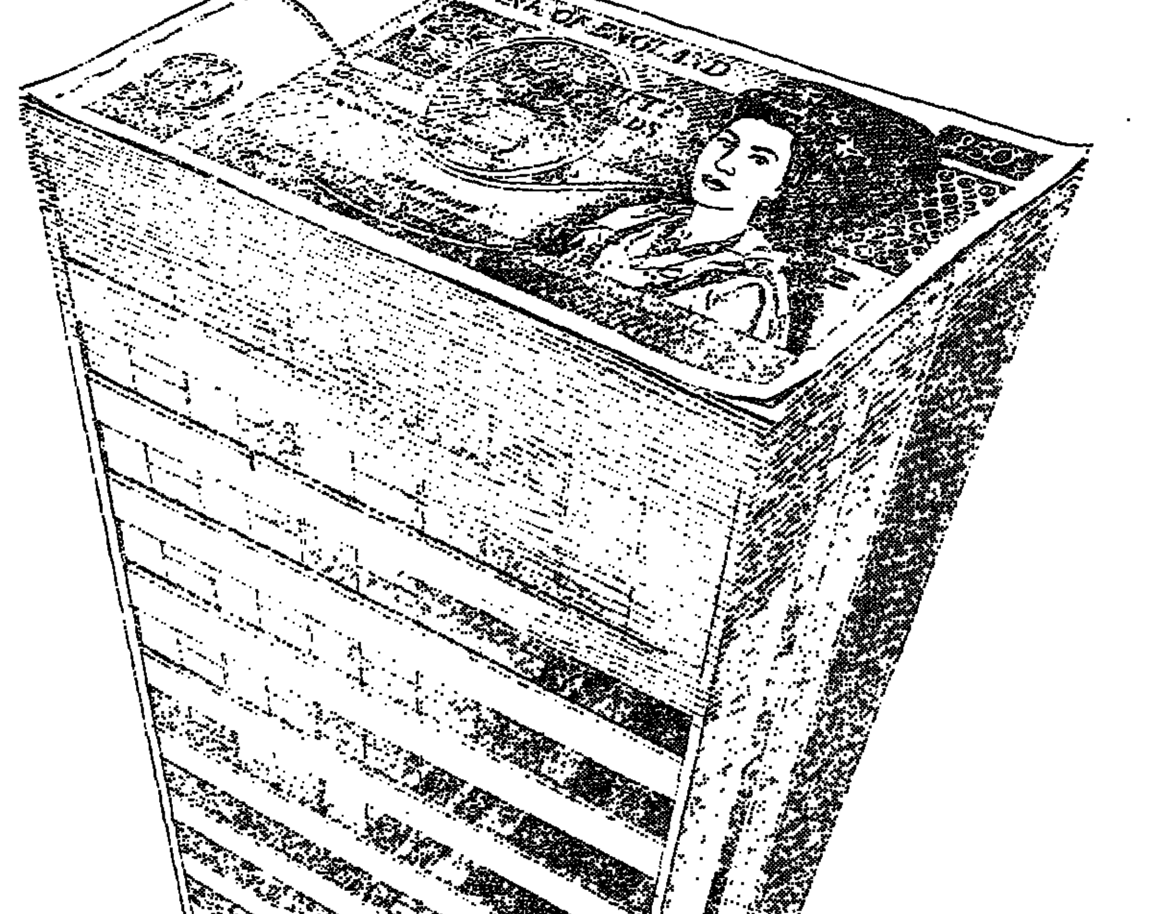
Various buildings include a winder house, boiler house, amenity houses, weighbridge and stores.

Consulting engineers for the project are White Young and Partners with Faithful and Gould as quantity surveyors.

Clugston's new contracts

LARGEST AWARD in Clugston Construction's £2.5m new projects is £600,000's worth of extensions and alterations to the Queen Elizabeth Grammar School at Gainsborough for Lincolnshire County Council.

Another £½m is under a management contract basis with Module 2 at Cleethorpes Leisure Centre.



FINANCIAL TIMES SURVEY

Monday August 10 1981

Sarita Kendall

Primary children learning Spanish at one of the new schools in the Amazon

Ecuador

In the short rule before his death three months ago President Jaime Roldós kindled the country's hopes for economic and political progress. His successor, Edvaldo Hurtado, is continuing the programmes to uphold democracy and improve the lives of the poor, though new economic problems must be faced.

Oil flow boosting nation's strength

By Hugh O'Shaughnessy
Latin America Correspondent

FEW LATIN AMERICAN countries have come as far as Ecuador has come in the past decade. At the beginning of the 1970s it was known that oil would be found in large quantities in the Amazonian jungle to supplement the faltering supplies from small oilfields on the coast. In a gigantic feat of engineering an oil pipeline was thrown across the Andes from the Lago Agrio field to the Pacific port of Esmeraldas.

By 1973-250,000 barrels a day was flowing out of Amazonia. The same year Ecuador joined the Organisation of Petroleum Exporting Countries, to become the second Latin American member after Venezuela.

Oil has given an enormous boost to Equador's economy, which had relied until its advent on exports of bananas, cocoa and coffee for the bulk of its foreign exchange. At some periods of the 1970s the Gross National Product was racing ahead at nearly 10 per cent a year. The successive rises in oil prices have boosted the economy still further.

Today though there are fears that the oil reserves will be depleted too rapidly and the agricultural side of the economy is giving rise to worries as commentators prognosticate gloomily about the future and the price of crude. But few will pretend that the country's economic structure is anything other than immensely stronger.

A similar process of reinforcement has gone on in the political field. This year in particular Ecuador has demonstrated a remarkable political maturity in dealing with the death in a plane crash of its young and widely-respected President, Jaime Roldós.

A decade ago the country was living up to its reputation as a place of nonsensical politics and widespread demagoguery. The aging President José María Velasco Ibarra was in the presidency for the fifth time and, lacking any political ideology other than the preservation of his own interests, and relying on his gift for spellbinding the masses, he had in 1970 assumed dictatorial powers after a period of governing with a congress.

He was overthrown by the military in February 1972 and officers ruled until, two years ago today, the military, tired, dispirited and more than a little discredited, handed over to President Roldós. In the hotly-disputed but clean elections of April 1979 he had been victorious on a Centre-Left ticket.

Roldós had been the candidate of the CFP or Concentration of Popular Forces, the party controlled by Assad Bucaram, his wife's uncle and the political boss of the port of Guayaquil, Ecuador's second city. The young president, at the moment of taking office only 38 years old, awoke all kinds of hopes for real democracy and progress, in a country where the average Ecuadorean was undernourished and only two children out of three children of school age found a place.

President Roldós's inauguration was attended by the Presidents of Colombia, Venezuela, Costa Rica, and by Mrs Rosalynn Carter and by the Spanish Premier. In his inauguration address, part of which he delivered in *quichua*, the language of a large aboriginal minority of Ecuadoreans, he said: "Today we are not witnessing a routine change of power. Today power is passing to the people."

Exaggerated though those words may seem in the light of the real achievements Roldós was able to claim before his death in May, they nevertheless represented the hopes and expectations of a country which had had enough of politically incoherent military rule and which in its majority was looking to the young new leader to begin to cure some of society's ills.

Sadly for the President he soon fell foul of his wife's uncle and there followed more than a year of wrangling in Congress during which the President and his opponents led by Assad Bucaram fought one another almost to a standstill. By May last year, however, President Roldós had achieved a majority in the legislature and begun to put his programme into operation. Minimum wages were raised, an ambitious education programme undertaken and abroad Ecuador became known as a country which stood out against dictatorship and favoured democratic forms of government.

Speaking on the first anniversary of his assumption of office, he outlined the 1980-84 development plan. It was to include an average annual growth rate of not less than 6.5 per cent, the investment of more than 27 per cent of the gross national product to create 490,000 new jobs and increase productivity by 2.6 per cent a year. Wages were to rise from 35 to 40 per cent of the GNP and the real value of exports was to go up substantially, while domestic savings were to finance not less than 85 per cent of investment.

Three days later he decreed a 40-hour week for workers. A week after that the Agrarian Reform Institute announced that it had made over 210,000 hectares to nearly 12,000 peasant families.

But by the end of August last year storm clouds had begun to gather round the Government as oil prices softened and the country was unable to maintain the minimum selling price it had set itself. The financing of the budget was seen to be in danger from a shortfall in oil revenue. Popular unrest at the economic crisis led to noisy demonstrations in many cities over the rest of the year.

In foreign affairs tension with the U.S. resulted after the Ecuador Navy captured 12 Californian fishing boats operating illegally in Ecuadorian waters, and by the end of January fighting had broken out over the southern border with Peru.

Further troubles came when President Roldós seized the opportunity of the war to triple the price of oil products from their ridiculously low levels and was rewarded on May 13 by a general strike. On May 24 he was dead.

The vice-president took over smoothly and political life has continued down its stony and tumultuous Andean course. President Hurtado, a highly intelligent academic with a masterly grasp of the problems of his country and enough realism to have announced to his people already that they could not expect miracles from him, is serving out the remainder of the Roldós term, as his opponents conspire to stymie his policies.

What may seem a bleak account of the last two years of Ecuadorean politics is in fact a success story. Despite the difficulties of the period there were no challenges to constitutional rule from the military; no ambitious general tried to seize power on the pretext that he could do it better than the people's choice.

The governments of both presidents have been forebearing enough so far to allow their opponents to express themselves as vocally as they choose. In the two years of civilian rule Ecuadoreans have achieved a taste for and the habit of parliamentary rule. From being a demagogic chaos the country's politics since 1979 have become a great deal more coherent and logical, with Right, Centre and Left represented in the legislature in proportion to the following of each in the country.

Both presidents have laid great emphasis on education which must surely be the *sine qua non* of any serious effort to improve the situation of those millions of people who live below the poverty line. There has been real debate about how the Government's revenues should best be used.

Economically, the past two years may not have been the happiest for Ecuador—though there have been many more unhappy years in its history. Politically, they have been highly important, marking as they did the moment when a country came to its senses about the way it should be governed.

BASIC STATISTICS

Area	226,000 sq miles
Population (1980)	8.35m
GNP (1980)	$11,027.6m
Per capita	$1,320.7
Trade (1980)	
Exports	$2,590m
Imports	$2,170m
Exports to UK	£8.8m
Imports from UK	£30.9m
Balance of payments (1980)	—$525m
Foreign exchange reserves (May 1981)	$688.8m
Crude petroleum exports (1980)	$1,261m
Proven oil reserves (1979)	1,100m barrels
Crude oil output (Jan-May 1981)	32.1m barrels
Crude oil exports (Jan-May 1981)	18.8m barrels
Gas production (Jan-May 1981)	5.430 cu ft
Currency: Sucre	
£=28.61 sucres (free rate)	
$=53.22 sucres (free rate)	

Suspicion behind foreign relations

"IT CAN'T be a coincidence. The day after Reagan took over, the Peruvians attacked us. Only a few months later President Roldós was killed in an aeroplane crash and that put an end to human rights policies which had been highly embarrassing to the new government in Washington."

The words of an Ecuadorean who until recently was one of his country's most senior diplomats reflect the fear and suspicion that are clouding discussion of Ecuador's relations with the rest of the world, or at least with its neighbour to the south and with the U.S.

It must be said immediately that no hard evidence has been found for any particular skulduggery relating to the January war with Peru on the border issue, or to the death of Roldós, who was 40 when his plane hit a mountainside on May 24. The remarks merely reflect a little malaise about foreign relations.

The brief war with Peru, which started on January 22 when the Peruvians bombarded positions occupied by Ecuadorean troops in dense jungle on the undemarcated frontier on the Condor mountain range, produced a trauma in Quito.

Squabbling over the border between Ecuador and Peru has been going on since the first days of independence at the beginning of the 19th century. The worst incident this century was in 1941 when the Peruvians, impatient with ceaseless complaining by Ecuador, pushed northwards on both sides of the Andes in an effort to teach Ecuador a lesson.

Ecuador was in no state to resist, having had 23 governments in the previous 16 years and voting a military budget less than one-twelfth of Peru's. A worried United States, anxious lest war in South America detract from the bigger engagements elsewhere, hurriedly moved to impose a modus vivendi on the two countries which ended with the Protocol of Rio de Janeiro.

Under the Protocol the boundary was drawn very much along the lines Peru had favoured. Most of it was later marked out by boundary posts though in the impassable Condor region difficulties arose and no boundary posts were installed.

It later transpired that in this unexplored area three rivers existed where the boundary was supposed to run on the watershed between two rivers. Where, the Ecuadoreans asked, was the line therefore to be drawn?

As Peruvian guns and aircraft strafed the newly concreted defence positions of the Ecuadorean army at Paquisha and other tiny outposts on the Cóndor range this year the U.S. and other Latin American countries moved fast, as they had done in 1940. A ceasefire was arranged by the Organisation of American States on February 3 and there has been a tense calm since, a calm which at the beginning was punctuated by exchanges of insults between leaders in Ecuador and Peru.

The tragic death of President Roldós in May raised hopes that President Hurtado, his successor, would be able to make a new initiative on the border question with the Belaúnde government in Peru and there are still those in Ecuador who feel that the time is ripe for the country to give up its claim to large stretches of the Amazonia jungle, right down to and including the city of Iquitos, in exchange for secure and firmly demarcated borders.

The frontier question was known to have been one of Osvaldo Hurtado's principal priorities while he was still vice-president before President Roldós's death.

The trouble lies in the immense pride Ecuador takes in the fact that the Amazon, the world's greatest river, was discovered from Quito in the 16th century.

The wall of Quito Cathedral bears a big stone plaque announcing the discovery of the Amazon as "the glory of Quito" and all stationery bearing official correspondence bears the motto "Ecuador has been, is, and will be, an Amazonian country." A great deal of national face-saving would be involved in any adjustment of Ecuador's claims to Amazonia, not least because the territory has gone from being something of an economic wasteland to the potential site of immense new oil riches.

This year's hostilities with Peru had all sorts of side effects on Ecuador's foreign policy. During February the Foreign Ministry let it be known that Ecuador was considering withdrawing from the Andean Pact, a move which assuredly would have brought that grouping to the brink of collapse. Any desertion by Ecuador would have cut off Peru and Bolivia—the latter at best a reluctant member of the Pact—from Colombia and Venezuela to the north.

The volcano Cotopaxi, 19,500 ft. The Andes chain and dense jungles of the Amazon dominate Ecuador and much of the country remains untamed

Another unlooked for result was a boost to the somewhat faltering relationship with Israel. Since the founding of the State of Israel Ecuador had always been a close ally. As its own weapons industries developed it grew closer to the Ecuadorian military.

Israeli experts have helped with major agricultural developments and Ecuatoriana, the national airline, is maintained and serviced with Israeli help. Not even Ecuador's entry to Opec in 1973 made any significant change to a solid relationship with Tel Aviv.

It was only President Carter's veto on the use of U.S.-designed jet engines in the Israeli-built Kvir aircraft which prevented Ecuador's air force from buying these machines to balance the Russian-built Sukhoi jets acquired by the Peruvian Air Force.

With Mr Reagan's lifting of restrictions on sales of Kvirs it is expected by many observers in Quito that Ecuador will not be long in buying the Israeli jets. At the time of the war with Peru, Israel did itself much good in Ecuadorian military eyes by quickly shipping in much-needed munitions.

Whether the help in January and the likely sale of new jets will be able to counterbalance Ecuador's drift towards greater sympathy with the Arab cause is a matter for conjecture.

In difficult economic conditions Ecuador is looking more and more for help to the financial muscle of the Arab partners in Opec.

Kuwait, with Shell, has expressed interest in helping in the urgent task of finding more oil. Iraq has installed an embassy in Quito and Ecuador is planning missions of its own in Algeria and the Gulf. Moreover, Ecuador, which sees itself the victim of incursions by its southern neighbour, is troubled by the aggressive policies of Premier Menahem Begin towards Lebanon.

It cannot condone, and has indeed criticised, Israeli actions in Lebanon so that the lesson is not lost on Peru. The Arab-Israeli tug o' war in Ecuador goes on relentlessly.

Meanwhile, the succession of President Hurtado to the leadership of the country in place of the late President Roldós has brought on changes of emphasis in foreign affairs. Roldós considered himself a left of centre leader, close to but not a formal member of the social democratic camp. He supported the government of Nicaragua, was biting in his criticism of the regimes in Bolivia and El Salvador, and he gave his direct personal support to the movement to defend human rights in Latin America in general and southern South America in particular.

During his presidency Quito became the seat of the newly formed Latin American Association for Human Rights of which he was honorary chairman.

President Hurtado takes a different approach. He after all is a Christian Democrat, a leading member of the Christian Democrat regional organisation ODCA and the world grouping based in Rome, UMDC. The Christian Democrats have been no fervent supporters of the human rights movement and in Latin America have seemed more at home with President Reagan's conservative foreign policies than they had been with Mr Carter's policies.

It has not been surprising therefore that the present leader has not sustained his predecessor's support to human rights movements and has modified President Roldós's enthusiasm for the Nicaraguan government and the opposition in El Salvador. Desperate battles are understool to be going on within the Foreign Ministry between those who support an expression of Ecuadorian solidarity with the Duarte government in El Salvador and those who see it as a sellout of the Roldós line.

President Hurtado is believed to have promised to make no commitment to President Duarte until his forthcoming visit to Brazil in October. President Duarte's opponents in Quito hope he will no longer be in power in San Salvador by that date.

Hugh O'Shaughnessy

Race on to produce more oil and gas

THE RACE is on in Ecuador to produce more oil and gas and use less. A government-commissioned report from the Higher Energy Council, at the beginning of the year, revealed:

"The consumption of hydrocarbons has risen and continues to rise at an explosive rate which leads one to forecast that if these present rates of consumption growth and the current production figures are maintained, Ecuador in a few years' time will be a net importer of petroleum."

Few people want the country to be the first member of OPEC to import more oil than it exports. The Government therefore is doing what it can to find more oil and gas and push up crude production from the current level of about 220,000 barrels a day.

Even the most nationalistically-minded expert in a country which is often very nationalistically minded indeed, favours the recruitment of the skills of foreign oil companies to the task of exploration and development. While CEPE, the state oil company, will remain in the dominant position in the industry, industry figures agree that it is as yet too inexpert to find and develop on its own the hydrocarbons which are suspected to lie on both sides of the Andes and in the offshore waters.

Ecuador is not, however, on the list of countries favoured by the world's bigger oil companies for, they complain, previous Governments have been too haphazard and carefree in setting and enforcing the conditions attaching to their operations in Ecuador. Texaco's experience in its Amazonian partnership with CEPE is supposed not to have been very good and the Ecuadoreans, it is whispered, still have to pay the last $1m for the construction of the trans-Andean pipeline to the Pacific port of Esmeraldas.

The Hurtado Government is therefore starting to lobby the legislature with its ideas for more favourable terms which could attract foreign oil companies back to Ecuador and seek new oil fields.

This process will take until the end of the year to pass into law, says Sr César Robalino, the Finance Minister. Others say it will never go through but will be stymied by disobliging legislators.

Meanwhile, CEPE is painfully going on with its own prospection on land and offshore, held up by the world rush for drilling rigs. So far this year nine new wells have been sunk and, CEPE says, 15 more will be completed this year, a much better total than the eight which were completed in the whole of last year. In addition eight wells will be reconditioned in Amazonia this year against only one last year while 15 will be attended to in the coastal fields compared to 10 last year in that area.

The Gulf of Guayaquil, the subject of long litigation with a private prospecting company in the time of the military government, will be drilled if CEPE can find a spare ocean-going rig.

Work continues to process increasing quantities of crude in Ecuador, either at the existing refineries or at petrochemical and fertiliser plants. CEPE's refinery at Esmeraldas has a capacity of 55,000 barrels a day which it is planned to enlarge successively to 70,000 b/d and 90,000 b/d.

Atahualpa, a site near Guayaquil, has been selected for a new oil complex to include another 95,000 b/d refinery to produce gasoline, naphtha and propylene to which will be added two petro-chemical complexes costing $615m and $100m respectively.

From the gas coming from the Gulf of Guayaquil ammonia and urea, 1,000 tonnes per annum of each, will be produced at the port of Posorja from 1984 onwards.

As mentioned elsewhere, the late President Roldós made a politically brave but economically vital move in February by tripling the cost of petrol and other oil products. Before the February increases Ecuadorean products, at around 15 U.S. cents a gallon, had been only half the price of similar products in Colombia and Peru, a fact which led to widespread petrol smuggling into those two countries from Ecuador.

The cheap oil price similarly led to uneconomic uses of oil fuels in energy generation. Three-quarters of all power is oil generated. Next year, however, the first $590m stage of the large Paute hydro-electric scheme should be turning out 500Mw of power. That is to be followed by three further stages to produce a total of 1,150Mw more from new dams and power houses.

Farther down the line are the Agoyan (150 Mw) scheme and the Coca project, which will include five separate dams to produce a total of 5,570 MW.

With the completion of such schemes the Energy Council hopes that the balance will be righted between petroleum, which constitutes presently 27 per cent of the energy resources of the country but which provides 71 per cent of local consumption, and hydro-energy which constitutes 70 per cent of available resources but provides a mere 2 per cent of local consumption.

In the meantime Ecuadoreans will be looking anxiously at production levels in the Amazon oilfields. Two of the most important, Lago Agrio, the first producer, and Sacha, which in 1973 was the biggest, are showing signs of exhaustion.

H. O'S.

Oil price nerves depress economic performance

ECUADOR'S PRIMARY EXPORTS	1977	1978	1979	1980 (Jan-Jun)	1980	1981 (Jan-Jun)
Petroleum	484.1	523.3	1,032.0	668.1	1,294.2	679.2
Petroleum products	18.0	91.4	145.4	86.2	179.8	90.2
Bananas	138.3	171.8	200.1	128.6	237.1	116.3
Cocoa (raw and processed)	244.4	257.8	276.3	132.9	211.1	77.5
Coffee (raw and processed)	160.1	285.0	276.2	57.6	144.1	53.3
Refined sugar and molasses	11.0	7.8	16.0	19.2	48.0	5.1
Fibre	6.5	7.0	6.9	5.6	9.4	5.0
Fish and fish products	72.9	89.5	122.6	73.3	155.9	92.5
Total exports	1,191.6	1,493.8	2,172.7	1,226.6	2,393.6	1,180.8

Source: Banco Central de Ecuador.

THE BEST modern history of Ecuador has been written by the former university teacher who is now the President. In his book El Poder Politico en el Ecuador (Political Power in Ecuador) Dr Osvaldo Hurtado sums up dramatically but succinctly the changes which have come over the country since the end of the 1940s:

"Up to 1948 Ecuador was among the most backward countries of Latin America. Monetary reserves did not used to exceed $15m; annual exports $[illegible] — 90 per cent of them were agricultural — and exports per capita hardly reached $13. Industry worthy of the name hardly existed as most of it was carried on by craftsmen; the Guayaquil-Quito railway was the *only* usable method of communication and the few stone and earth tracks could not take motor traffic; "home made" electric generators produced principally light for lighting purposes and its installed capacity came only to 30,000 KW.

"The situation in 1975 is altogether different. The changes are reaching such proportions as to leave the most optimistic forecasts of the economists and the planners far behind. If the figures are not totally comparable it is worthwhile to cite some of them.

"Exports per capita come to $143 and monetary reserves come to $400m; annual exports are breaking through the $2bn barrier, a figure greater than the value of exports achieved in the previous 130 years of history; a fast growth of industrial production is allowing the creation of the bases for petrochemical, steel and automotive industries about which recently no one would have dreamt; the 1975 budget is equivalent to that of the whole decade of the 1950s; the vast development of physical infrastructure and wireless are finally allowing the economic integration of the country.

"The GNP is more than $4bn and the per capita income nearly $600; installed electric capacity is 500,000 KW, a figure which will be tripled in a few years' time; everywhere winds of progress blow in a country which finally appears to have woken up."

These words were written at the height of the enthusiasm for the newly-discovered oil resources which had made Ecuador a member of OPEC and assured a source of income for a country whose fortunes traditionally had depended on foreigners' demand for its bananas, cocoa and coffee.

Today, despite the probability that earnings from oil will reach record heights, there is a good deal of nervousness about the economy. There is no certainty that the oil export price will pick up again quickly and return to the levels of $40 a barrel at which some of it was being sold last year.

As mentioned elsewhere in this survey, there are worries lest Ecuador be pushed into the humiliating position of becoming the first net importer of oil in the OPEC community, having failed to find new fields which would make up the drain on production from existing ones.

The agricultural sector is showing itself once again to be the Achilles heel of the economy. Low prices for all the export crops are spreading *panic in the countryside*. Worries about government revenue are being responded to by calls from President Hurtado for austerity measures. This in its turn is causing contractions in the building industry, which has been having an unprecedented boom in the past few years.

Manufacturing industry has also been hit by a lack of demand. President Hurtado is controlling foreign borrowing and increasing taxes. The ambitious schemes contained in the development plan will surely have to be delayed.

Ecuador, like many other countries, is suffering from stagflation. The economy, which in 1976 had been growing at the rate of 9.3 per cent, was brought down to a growth rate of 4.5 per cent last year and this year it is expected to be lower than that.

At the same time, inflation which in 1979 Ecuador had fought with more success than any other country in Latin America, is creeping up. Whereas the year before last cost of living indices rose a mere 9 per cent, the lowest growth in the region, last year they were growing at the rate of more than 15 per cent. Today the index of inflation is nearer 18 per cent.

Imports have fallen off from last year and income from oil exports is still holding up as increased tonnages compensate

IDB

Agriculture is a priority: farmer shows rice yield

for weakening prices. Nevertheless, worries about the external position caused something of a flutter in the parity of the sucre a few weeks ago before the Central Bank took measures to stabilise the situation.

According to some monetary commentators, there are shadows over the future of some of the smaller Guayaquil-based banks of recent foundation.

Caught in the stagflation bind the government, which wants above all to maintain Ecuador as a peaceful country—a contrast to its neighbours—is seeking the way to ease industry and agriculture's burdens.

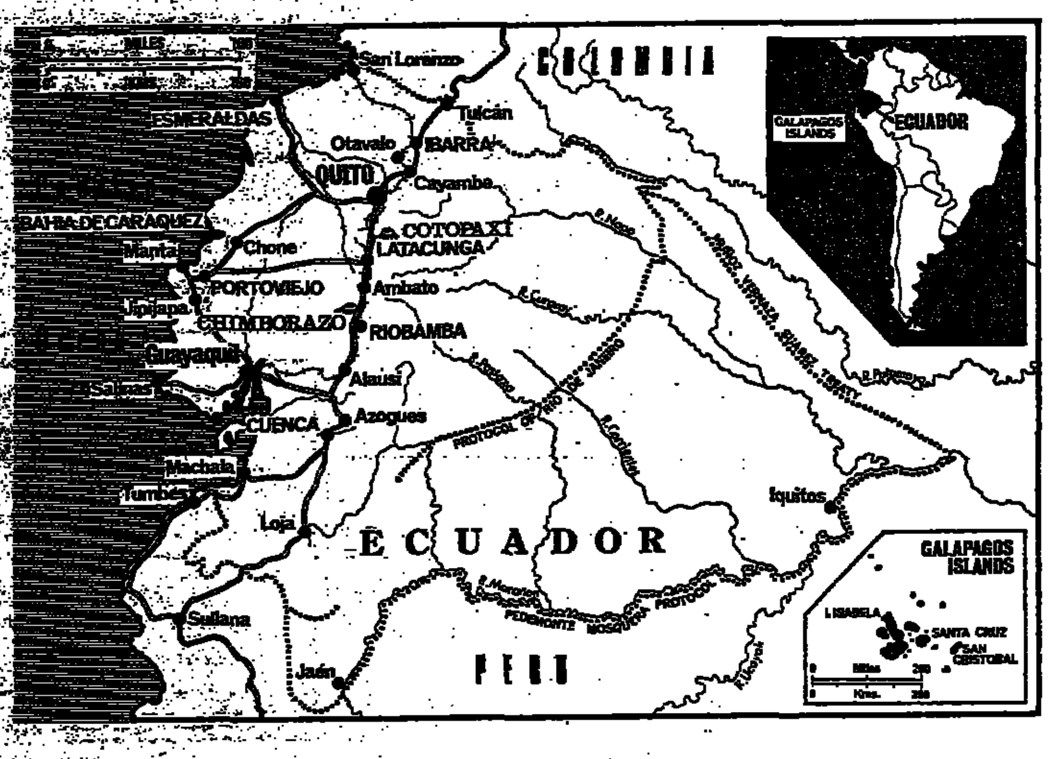
"The needs of the agricultural sector are our first priority," Sr César Robalino, Finance Minister, commented in an interview late last month. With farmers' earnings at very low levels there are fears that sporadic violence could break *out and, even if it did not, some* of the plantation crops could be neglected.

The government is also doing what it can for industry, whose owners complain bitterly of the burden imposed on them by the doubling of the minimum wage from January 1, 1980, the freezing of the prices of some household staples and the decision of President Roldós in February this year to triple the very low price of fuel.

Despite the complaints being voiced by many entrepreneurs today, one senior banking official commented dismissively: "Many factory owners are just worried that they're making only 60 per cent on their capital after a few years during which they had been making 100 per cent."

With the economy going through a tunnel there are numerous lights flashing at the tunnel's end. Few doubt that much more oil and gas is to be found relatively easily in many parts of Ecuador, the world price of coffee could soon move up again as a result of climatic conditions in Brazil and, not least, the economy has been modernised enough in the last decade to enable it to become more self-reliant, generating a *higher proportion of the funds* needed for investment than ever before in its history.

Hugh O'Shaughnessy



Profile: Osvaldo Hurtado

ESCONCED FIVE years ago in a small room in Quito's Catholic university, partially hidden behind a screen of thick historical volumes and research papers, Osvaldo Hurtado was the perfect image of the university professor. In contrast with most political leaders he was very optimistic about Ecuador's future, and believed that the military regime would hand over power to a fairly elected civilian Government.

He could not have imagined, however, that he would be seated behind the Presidential desk in 1981, as the result of the death of Jaime Roldos in an air crash.

The young Roldos-Hurtado team captured the imagination of Ecuadoreans in the Presidential elections to such an extent that, by August 10 1979 when Sr Roldos took over the Presidency, both he and Vice-President Hurtado were anxiously playing down their promises of social and economic change. Two years later, popular expectations have already been dampened, but democracy has been re-established, as evidenced by Sr Hurtado's smooth transition to the Presidency on May 24 this year.

A lawyer by training, Osvaldo Hurtado has mixed teaching, research and politics since his student days. He has written several books, of which Political Power in Ecuador has been translated into English and Portuguese, and is widely recognised as a brilliant social science study of Ecuador. It has occasionally provided his opponents with ready ammunition, particularly as some of the protagonists are still active in politics.

Sr Hurtado founded the Ecuadorean Christian Democrat Party in 1964 at the age of 25, and has been closely linked to international Christian Democrat organisations. The party joined with other political groupings in 1978 to form Popular Democracy, now represented in Parliament by six Congressmen, and generally placed on the Centre Left, in company with the Social Democrats and other progressives.

Before his election Sr Hurtado had been Under-Secretary of Labour and presided over a special commission set up under the military to design legislation regulating political parties. As vice-president he was also head of the National Development Council and responsible for producing the five-year national plan, a hefty document which all along has been the government's basic policy statement. His interest in making planning comprehensible to the general public led him to produce a popular version, *with drawings* by a cartoonist.

Underlying many of the five-year plan's programmes are two of Sr Hurtado's particular concerns: decentralisation and participation. He is especially interested in encouraging all forms of community organisation, and in re-orientating public expenditure to favour rural areas. He emphasises the importance of national—and indigenous—cultural values and practises what he preaches for his own house is filled with the work of Ecuadorean painters.

The new President is a *sterner figure than his* predecessor, admired for his directness and his intellect but lacking the popular touch that would give him more room for manoeuvre. He prefers concise, prepared television broadcasts to off-the-cuff speechifying in the public plaza, and thoroughly dislikes Press conferences because his straight answers are liable to land him in trouble. His whole style signifies a break with the past and a more measured approach to politics.

So far Sr Hurtado has had to work with Sr Roldos' Cabinet and stay very close to his policies. Though there are unlikely to be any dramatic changes in direction, he will have more freedom once he names his own collaborators and the new Cabinet is installed—after today.

But he will be very much at the mercy of Congress unless a firm pro-Government coalition can be formed. The private sector, the trades unions and opposing political parties are already gathering their forces and warming up for battle, and Sr Hurtado is going to have a very difficult task in his remaining three years as President.

Sarita Kendall

Galapagos—taking care of the humans

"THE FATE of the Galapagos Islands will be decided over the next two years," says Sr. Jose Villa of the Charles Darwin Station. "Up to now everyone has thought of saving the Galapagos in terms of saving giant tortoises and iguanas—but this is not the main problem."

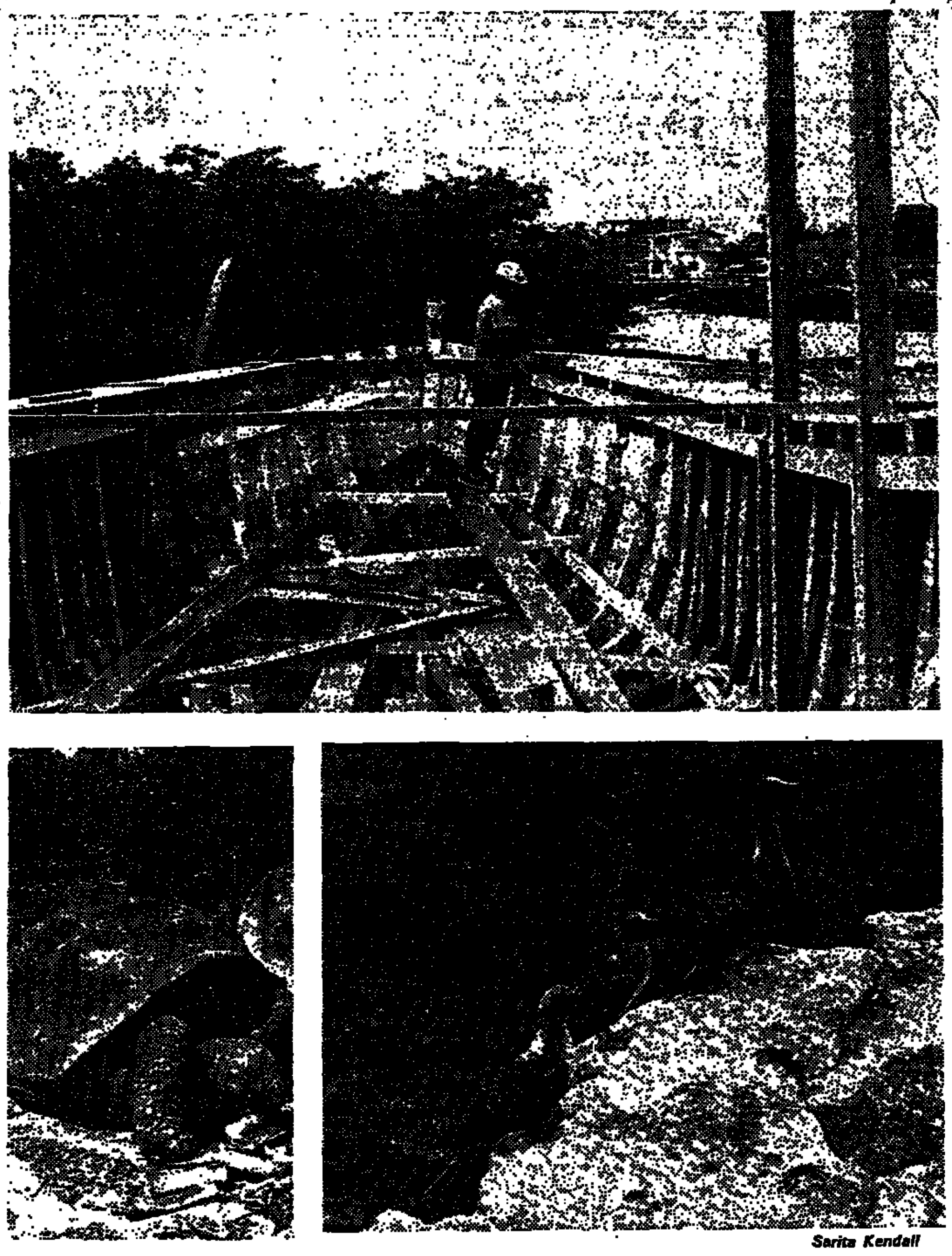
Indeed it is not. The islanders themselves are resentful that they receive less attention than the iguanas and the ubiquitous blue-footed booby, and it is only recently that the Darwin Station and government institutions have begun to face the problem of harmonising economic development and conservation.

International ecology lobbies have been strong on raising funds to protect endangered animal species, but since last year a local Galapagos institute has the budget to tackle human needs, and the powers to lay down a master plan for the 18 islands which form the archipelago.

The Galapagos—named after the giant tortoises—lie 600 miles off Ecuador's coast astride the equator. Over the centuries they have been the haunt of buccaneers, whalers, naturalists and eccentrics. Ecuador at first valued the islands so little that several attempts were made to mortgage them to foreign powers. Fortunately for today's tourist income, one such transaction—a 99-year lease for $15m to the United States—was scotched after popular consultation. When the U.S. did occupy the Galapagns, it was for a short period following the attack on Pearl Harbour, and an airstrip was the legacy.

The behaviour of the island's early visitors is enough to make conservationists shudder. In 1812 Captain David Porter of the U.S. Navy reported that he loaded 14 tons of tortoises, and that whaling ships normally took on two or three hundred of the creatures—weighing up to 500 pounds each—because they could live for several months without food. He also described the amusement his crew derived from killing tame doves and iguanas.

Charles Darwin, travelling as a naturalist on the voyage of the Beagle in 1835, was not the first to wonder at the strange animals he found in the archipelago, but he was the first to link them with the origin of species. Although Darwin's book of that name did not come out until more than 20 years later, his field notebook was full of questions about the "remarkable differences in the inhabitants of the different islands" and "the perfect gradation in the size of the beaks" of the finches. As to the giant tortoises: "These huge reptiles, surrounded by the black lava, the leafless shrubs and large cacti, seemed to my fancy like some antediluvian animals."



Sarita Kendall

Top: boatbuilding on one of the islands and (above) a giant tortoise at the Darwin Station and blue-footed boobies, two of the islands' strange species

The Islands are of volcanic origin, and occasional eruptions still shake them, spewing molten lava. As Darwin first supposed, the archipelago almost certainly has never been connected to the mainland of South America, and the seeds of plant and animal life must have been carried by wind and ocean currents—animals could have ridden on matted vegetation, birds probably flew there. The cool Humboldt Current may have brought penguins and fur seals from the far south, while a warm current from the west allows brilliant tropical fish to flourish.

Thanks to their isolation and forbidding rocky shores, the islands had only 70 people living on them as late as 1940—now there are 4,500. By the time tourists started flooding in a decade or so ago, the Darwin Station, on Santa Cruz, was already an established research centre, and nine-tenths of the islands had been placed under National Park protection. But enormous damage had already been done—partly by humans, even more so by the animals they introduced: wild goats, pigs, dogs and rats. Much of the current conservation work is geared to counteracting their ravages. Dogs and pigs prey on newly-hatched tortoises, as well as land iguanas and birds' nests. Rats eat tortoise eggs, and goats compete—successfully—for the same vegetation as tortoises.

Cats have been stamped out on some islands—more than 1,200 were shot by park officials last year—and tortoise eggs are taken to the Darwin Station to hatch. Once the tortoises are able to resist attacks by dogs—by about four years old—they are returned to their island of origin. At one time there were 14 sub-species of giant tortoises, but only 11 have outlasted the ravages of sailors and animals. On Pinta Island only one species survives.

Four-fifths of the islands' inhabitants live on Santa Cruz and San Cristobal—the latter is the main administrative centre. Isabela, the biggest island at 4,500 kms, has about 500 colonists and some of the richest farmland and healthiest cattle in Ecuador. The settlers include Norwegians, Germans, a farming group from the Ecuador's mainland province of Loja and ex-convicts who stayed behind after the penal colony on Isabela was closed down in 1958. More recently, so many Ecuadorians have been attracted to the islands that the authorities are looking for ways to limit immigration by, for example, prohibiting the use of land for newcomers.

Ecuador's government takes the future of the Galapagos very seriously, and a special commission which recently studied the effect of tourism on the island's ecology is being given carte blanche to draw up extra controls. At the same time the Galapagos Institute, the Darwin Station and the National Park are working out a plan detailing the number and frequency of tourists visits that each site can take. Some 20,000 people visited the archipelago last year—well over the official limit, but not, according to Sr Villa and other experts, enough to cause problems.

Relatively few sites are easily accessible and National Park guides are supposed to keep tourists on well-marked paths as well as stopping them from throwing litter and disturbing nesting birds. The freelance tourists are most difficult to control—but they are use local hotels, restaurants and boats. Islanders point out that cruise ship tours, taking up to 90 passengers picked up direct from the airport or in the port of Guayaquil, contribute little more than the National Park tax to the local economy.

Tourism is centred on Puerto Ayora in Santa Cruz. Hotel facilities range from a $2 bunk to a $25 room with bath—cheap considering that most construction materials have to be shipped from the mainland. The boats are not so cheap—from $40 up to nearly $200 a day—and some are extremely uncomfortable, much to the annoyance of Europeans who have paid heavy air fares and for the hire of a "luxury yacht."

National Park officials plan to control the boats more closely and ensure that every tourist arrives with a set programme—in July and August the pier at Puerto Ayora is lined with disconsolate travellers looking for transport. This should benefit the tourist. To leave Santa Cruz without seeing any other islands is to miss the magic of the Galapagos—the weirdly-sculptured volcanic landscapes and the extraordinary variety of unique flora and fauna.

Transport between the islands is slow (it takes up to seven hours from Santa Cruz to San Cristobal), unreliable, and expensive, and even the trip to the airport from Puerto Ayora involves two buses and a boat.

Though there is no real poverty on the Galapagos, and the islanders are very much their own masters, "this is by no means Paradise," as one inhabitant puts it. Prices are high, and every gas tank and beer bottle has to be shipped back to the maainland for refill. Citrus fruit, avocados, coffee and sugar cane are grown locally but often have to be given away because transport services to larger markets are so poor.

Cattle are shipped by a horrifyingly primitive method. The animals are pushed into the sea, lashed to the side of a small boat which drags them out to the cargo vessel, and then hauled on board by their horns. Many die before they reach Guayaquil.

The first task of the Galapagos Institute has been to find out what its $5.5m budget should be spent on—and everyone has different ideas. Transport is obviously one of the priorities, and drinking water another. But while some islanders want a better health service, others prefer an airport which would give quick access to a Guayaquil hospital. As a result the Institute has begun building an airport on Isabela, with the likelihood that this will become another tourist centre.

Most people would like a share of the tourist pie, but fortunately both the authorities and the tourist industry itself are only too aware of the danger of killing the golden goose.

Sarita Kendall

Profile: Andres Vallejo

TO LISTEN to Ecuador's conservative businessmen, anyone might believe that industry is on the verge of collapse, that banks are being forced to close their doors all over the country and that the Government is responsible for international cocoa prices.

Fortunately, says Andres Vallejo, manager of the Banco Popular, these aggressive traditional voices do not reflect the opinion of most people in the private sector, and anyway they are wrong. "I'm optimistic. The situation is complicated and there are two particularly serious problems—exports and the budget deficit—but they are not problems without solutions."

The Banco Popular, founded 26 years ago when there were few banks in Ecuador, ranks among the top five in a sector which took off during the 1970s as a result of the oil boom. Sr Vallejo has played an important part in building up the bank's reputation and giving it a solid progressive image.

He shakes his head dubiously at rumours of banks going out of business, and says activity is simply returning to normal after a few years of extraordinary growth in financial organisations. Current problems include a reduced cash flow and restricted credit, which has led local industry to borrow abroad at high interest rates, putting up costs.

"This country has so many possibilities. President Hurtado is intelligent and balanced. He is very realistic and will not take any extreme measures. This is a special government in a weak political position and it can't offer solutions without support in Congress." Sr Vallejo is confident that such support will be forthcoming and that things will calm down after today, the day when Congress resumes ordinary sessions and elects its new president.

Sr Vallejo is an active member of the democratic Left, a party which has played a crucial part in Ecuadorian politics over the past two years, particularly in resolving feuds between Congress and the Presidency. Once again the party is involved in the attempt to build a majority coalition to ensure that progressive legislation is approved by Congress.

Sr Vallejo is on the democratic Left's political commission, as well as the national executive committee, and he is also vice-president of Quito municipal council.

S. K.

IDB

Many of Guayaquil's slumdwellers live in shacks built on floodland or on stilts over the river. Above, a bulldozer fills in a flooded area with crushed rock

Emphasis on schooling and literacy programmes

ECUADOR'S education policies have changed drastically since the days when universities demanded certificates proving that the applicant was legitimate and "of pure blood." Now state universities are open to anyone, no entrance examination is required, and students spend a major part of their time in university or national politicking.

University education has grown faster than any other level, with the number of students increasing by nearly 25 per cent a year in the 1970s. At the other end of the scale, enrolment in primary schools has been rising at an annual rate of 4.4 per cent.

The middle and high income groups have more and more years of education, while the poor continue with very few, a situation which reflects the huge inequalities in Ecuador's society and tends to reinforce rather than reduce them. Such is the national plan's analysis of the most glaring injustice in the education sector, and the basis for this government's emphasis on primary schooling and literacy programmes.

The problem is not simply the number of children—especially in the countryside—who never start school, but the number who drop out, and the high percentage repeating each grade. Some 30 per cent of rural children aged six to 11 are not in school, and of every 100 who do begin first grade, six years later there are 76 urban children and 33 rural children in sixth grade. Many rural primary schools do not even reach the sixth grade, and about half of them have only one teacher juggling several class levels at the same time.

Although public education theoretically is free, there are enough requirements to make it a financial burden for a family with five or more children: shoes have to be bought, books, paper and pencils supplied, and many extra items come up during the year—for example, costumes for an independence day parade, contributions towards the upkeep of the school or educational trips.

Weighed against the usefulness of a child at home—feeding the animals, looking after the youngest members of the family, wielding a pick—the cost is significant, especially in communities where reading and writing are seen as a luxury, not essential to survival.

The growing importance given to education is reflected in budget allocations: in 1964

Sarita Kendall

Broadcasting on the Shuar radio school. Those who complete primary school retain their skills

education took 17 per cent of the national budget; in 1974 this went up to 26 per cent and the proportion is now over 30 per cent. Until the Roldo's-Hurtado government took over, the primary schools' share of education spending was falling off—from 52 per cent in 1964 to 43 per cent in 1974, while the secondary allocation was rising—28 per cent in 1964 to 37 per cent in 1974.

For the 1980-84 period the National Plan gives primary education 45 per cent of the budget and secondary education just under 30 per cent, while nursery schools, literacy programmes and other special projects are taking a larger share.

According to official statistics, 16 per cent of Ecuadoreans over the age of 15 are illiterate, and of these 760,000 people more than 80 per cent live in rural areas. The central highland provinces of Chimborazo and Cotopaxi have illiteracy rates over 35 per cent, as well as a relatively small proportion of children at school. In these mountainous rural communities the number of children with goitre varies from 20 to 40 per cent, while malnutrition indices are also at their highest, often resulting in irreparable damage to the child. *Quichua* is the main language, and in the more isolated areas women and children speak no other.

In one of its most exciting social ventures, the Government has launched a massive literacy crusade, aimed at cutting illiteracy back to under 6 per cent by 1984 and enabling adults to take an active part in social, economic and political decisions. Carlos Poveda, in charge of the programme at a national level, says: "Education is a basic human right, and literacy is a means, not an end."

Literacy is an easy goal, but the commitment to development is far more difficult. The best results are achieved when the teacher is chosen by the community, and can select words and topics important in everyday life. In Chimborazo, for example, about 90 per cent of those involved in the literacy programme can speak *quichua* and lead discussions in both languages.

Reading and writing are taught in *quichua* and Spanish at the same time, and this is an effective way of learning Spanish, according to the head of the Chimborazo programme. *Quichua*-speaking children in primary school often take two or three years in the first grade trying to master Spanish, but adult literacy methods bring much quicker results and there are plans to adopt the new approach in schools.

Although *quichua*, spoken by 2m Ecuadoreans, is the most widespread native language, it is by no means the only one. Smaller groups such as the Colorados, the Chachis and the Huaorani still speak their own languages, while the Shuar Indians have a highly-sophisticated bi-lingual education system operating in the Amazon jungle, using radio schools.

These schools started with the support of a group of Salesians, but have since been taken over by the Shuar Federation itself, and are linked into the national education system. In more than 150 centres in the south eastern Amazon region, Shuar children collect to do their lessons by radio. Primary and secondary programmes are transmitted from the federation's base in Sucua, staggered so that local teachers can organise more than one class at a time.

The Shuar system has had two outstanding successes: the first is that the Shuar Indian retains his identity instead of being pushed into the lowest ranks of white society, and the second is the enormous coverage afforded by radio. As a result adults are constantly exposed to the school programmes, and those who complete primary school rarely lose their skills. This is a problem in most rural communities, where adults remember little more than how to sign their names unless there is a follow up on the literacy classes.

The Government's concern with reducing illiteracy and its support for bilingual education are part of a broader interest in rescuing indigenous and Mestizo cultures. And putting the emphasis on national, rather than foreign, values. In secondary education this is more difficult as the most looked-up-to schools are often foreign-run and charge high fees for the privilege of learning. Some 40 per cent of secondary schools are private in Quito and Guayaquil, and the cost of a year in the American or German school runs to more than $1,500 per child.

President Hurtado is as strong a supporter of education as was his predecessor, and Sr Poveda is confident that the literacy programme will continue at full steam. One of the most encouraging signs, he says, is that people from rural communities are flooding into his offices to make further demands. "I have faith in our work because literacy is not just a Ministry of Education programme — it is becoming part of the heritage of the community, and people are already defending their right to literacy, so it is irreversible."

Sarita Kendall

Quito: a friendly city to enjoy

QUITO MUST be one of the pleasantest, most attractive and most civilised cities in America. I care less for its deadly rival, Guayaquil, the hot, sticky, raucous and dishevelled city on the Pacific coast which earns the money to keep the country going, though I respect the hard-working nature of the Guayaquileños.

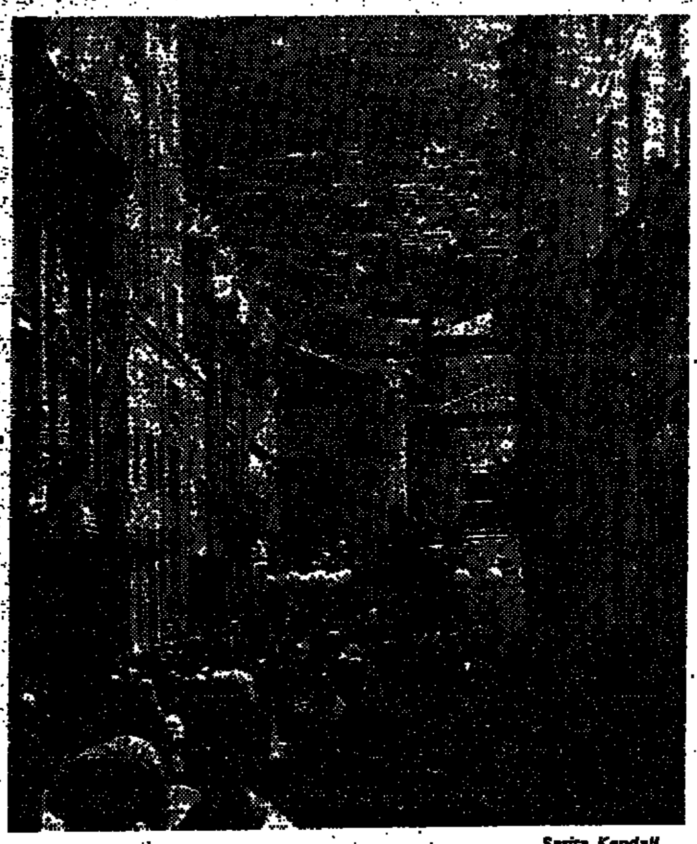
Quito often spends what Guayaquil earns and I would not even deny that the capital's bureaucracy is something horrible to behold. But I like Quito and I think most visitors do.

Its natural setting, on the lower slopes of the volcano Pichincha, is breathtaking. Quito stands to the north of what they call the Avenue of the Volcanoes, twin rows of snow-covered peaks separated by a rich valley, which stretches down a hundred or more miles to the south.

The day I arrived at Quito Airport the high sierra air was at its clearest and Cotopaxi, snow-covered but nevertheless the world's highest active volcano, stood out 50 miles away. Rearing up to 20,000 feet it looked only a few miles distant. From the aeroplane we had seen the others: Antisana, Illiniza, Altar, Tungurahua and Sangay, and the pine forests and moorlands which surround the peaks give one the eerie feeling of somehow not being in the Republic of the Equator but rather in Scotland, in one of the more remote parts of Caithness, for instance.

Caught in one of the folds of the skirt of Pinchincha, Quito overlooks a broad valley to the east over whose rim lies the beginning of the Amazon jungle. The setting is therefore very beautiful and exotic, nearly matching Rio de Janeiro, and that is impressive indeed.

The old city of Quito contains no really extraordinary architectural jewels but a great deal of fine Spanish colonial architecture, mostly ecclesiastical as befits a deeply religious city. A pleasant main square groups the residences of the three principal powers: the president's palace—a simple but harmonious arcaded building which has seen more than its fair share of military coups—the cathedral and opposite it the archbishop's palace, and on the fourth side the city hall,



Sarita Kendall

A crowded street in the old colonial centre

modern and handsome.

In the surrounding gridiron of streets stand a dozen or more good churches, some with elaborately-gilded altars, and the former houses of the colonial aristocracy and bourgeoisie. The municipal authorities have made a major effort in the past few years to preserve and restore the best colonial buildings of the city centre and though the result has not been as spectacular as, for instance, in Santo Domingo in the Dominican Republic, the work has been eminently worth while.

The modern city of Quito stretches northwards along the axis of the Avenida Amazonas, now being converted to a pedestrian mall. Along and around Amazonas stand the big hotels, new bank buildings, restaurants, boutiques and oil company offices which testify to the effects of the oil boom of the last decade.

While we're in Amazonas, the businessman should take note that he should stay nowhere but at the Colón Internacional. The hotel is tasteful and modern, the service is friendly and efficient and there is a casino in the basement. During the day it is filled with zombies grouped round the one-armed bandits but from early evening onwards the roulette and blackjack start. Minimum stakes are low.

The food is no good at the Colón, but then I have always found it extremely difficult to get a really satisfying meal anywhere in Ecuador. As far as drink is concerned the unwary should, I feel, keep to the beer or imported wines. There are local wines, some grown not far from Quito, but as in Peru, Bolivia and Paraguay, they have an unpleasant liquorishness and heaviness.

Why one part of the Andes, in Chile, should be able to produce the finest wines and the rest of the mountain chain and outlying regions produce such unattractive concoctions is a puzzle. Equador's best-known wine is Madrigal. Let the visitor taste it and make up his own mind.

And Quito, incidentally, is the only place in the world where I have been warned off drinking the mineral water!

In colonial times Quito was a centre for the arts. Church-trained natives were taught the techniques of religious painting sculpture and architecture. They were particularly gifted peoples as is evidenced by the taste and style of their weaving. To this day the inhabitants of Otavalo a town a few hours north of Quito travel far and wide inside Ecuador and abroad selling their weaves.

The tradition of plastic arts is carried on most notably today by Osvaldo Guayasamin whose painting is reminiscent of that of Mexicans such as Siqueiros and Orozco and who maintains a museum of his own work in the city. If Guayasamin is the doyen, there are many younger artists, such as Ramiro Jácome, whose work is achieving recognition outside Ecuador. Galeria Artes is one of the better commercial galleries where artists' work is regularly available.

The musicians of Quito complain that their efforts have much in common with Cinderella's. Despite this I attended satisfying concerts on two successive nights:

At each, Guido López Gavilán, a sensitive Cuban conductor, directed the National Symphony Orchestra and soloists in works by Bach, Vivaldi, Dvorak and Chaikovski.

But Quito is not a paradise. Many hundreds of thousands of its inhabitants live in great poverty and bad housing and, as President Hurtado himself has said, the oil boom has enriched only a small section of the population while the gap between rich and poor has widened.

It is all the more surprising therefore that Quite is not a violent city as Bogota and Caracas are. Pickpocketing exists, certainly, but violent crime and muggings are uncommon and neither men or women are generally at risk if they go out alone at nights. It is a friendly place, a place to enjoy.

Hugh O'Shaughnessy

Farmers angry at policies and neglect of agriculture

ECUADOR'S FARMERS are becoming restive after years of listening to governments talk of "sowing the profits of oil," "the country's agricultural vocation" and "priority for the farm sector."

The combination of low international prices and rising local costs has reached such a point that bananas are rotting on the trees and cocoa plantations are barely maintained, leading small- and large-scale coastal producers to unite in local strikes and anti-Government protests. While the Administration cannot be blamed for world production surpluses, nor for a legacy of inefficiency and low productivity in the agricultural sector, farmers claim that pricing and export policies are ruining them.

Cocoa and coffee growers are the most affected by foreign price slumps, but banana producers are losing ground in the world market too. Competition from the Union of Banana Exporting Countries, which has won over some of the East European markets, and particularly from Colombia, is pushing Ecuador into a tight corner after years of being the world's leading exporter. More and more people in the banana sector now believe it is essential to join the union, or Ecuador's banana business may slide into oblivion.

Banana exports earned $237m last year, putting them in second place to crude oil, but the value of sales was down by 10 per cent over the first six months of 1981, and volumes are also declining. Between January and May 1981, 584,000 tonnes were shipped, the lowest level for four years, suggesting that the total for 1981 will be well under last year's 1.3m tonnes. Apart from a reduction in exports to Europe, sales to Argentina, Chile and Uruguay have been falling off, while Japan, which at one time took 40 per cent of banana exports, has been lost to the Philippines.

The area devoted to bananas has diminished year by year as producers turn from Gros Michel to the higher yielding, more resistant Cavendish plant. About 2,500 hectares of Gros Michel remain, compared with over 62,000 hectares of Cavendish—in 1967 there were 146,000 hectares of Gros Michel to 14,000 hectares of Cavendish. Small growers tend to have poor yields and a greater incidence of Sigatoka disease, which has been particularly bad this year as the result of a long strike by crop sprayers.

The small producer is also the most vulnerable to any drop in exports, because his fruit is usually of inferior quality, and because large plantations have long-term contracts with exporting companies.

Frosts in Brazil and a slight improvement in coffee and cocoa prices have cheered farmers who only recently were saying that it was not worth harvesting their beans. The Government is proposing to reduce export taxes on both products, scaling the tax according to world price levels and eliminating it altogether when prices are very low. This will give cocoa bean exporters an edge over the cocoa industry, which is pressing for renewal of the export subsidies that bolstered processed products during the industry's early years. Processed exports were down by 50 per cent to US$61.5m in the first half of 1981, while cocoa beans remained steady at US$16m from January to June.

Small cocoa producers, who normally grow other crops mixed in with cocoa trees, and have fewer debts to pay off because of their limited access to credit, are for once better off than the medium or large plantation owner. The prices paid to growers should improve as local collection centres for cocoa beans come into operation. These will cut out the 20 per cent discount on the official rate that is absorbed by up to five intermediaries in the marketing chain.

The feasibility of a major renovation programme with World Bank financing is being studied, and most of the efforts of the national cocoa programme are designed to raise productivity — the national average yield is about a third of that on a well-maintained plantation.

Although cocoa and coffee growers have so far been most vociferous about their problems, the Government soon will be facing irate sugar, rice and oilseed producers. The main issue is prices, but farmers are also complaining about credit shortages, contradictory policies and the neglect of the agricultural sector. The president of the Federation of Ecuador's Chambers of Agriculture said recently that the crisis was deepening, and warned of grave social tensions. There have been several deaths as a result of rural strikes and land invasions in the past few years, the worst case being the shooting of striking AZTRA sugar workers under the military regime.

The Government is pinning its faith on "integrated rural development projects," and has created a secretariat for rural development, independent of the Ministry of Agriculture. The Ministry is an unsalvageable monstrosity, according to its own employees, though Sr Carlos Vallejo is considered a dynamic Minister compared with some of those who have gone before him.

The rot also goes deep in organisations linked to the Ministry, such as Enac and Enprovit, the state marketing companies. The agricultural research institute has been on strike for several weeks, and the Agrarian Reform Institute is regularly accused of being completely ineffectual.

Seventeen rural development projects are identified in the national plan, covering 1.2m hectares on the coast, in the highlands and in the Amazon, and reaching nearly 0.5m people. The programme aims to raise rural living standards, improve productivity and foster organisations that will involve rural communities more closely in national life. More than half of Ecuador's inhabitants still live in the countryside, and a little less than half the workforce is employed in agriculture —but an estimated 40 per cent of the rural working population is underemployed, and ripe for migration to the cities.

President Hurtado is strongly committed to the rural development programme as a vehicle for reducing income differences, and most of the projects in the highlands are specifically geared to the poorest peasant groups. In these areas land reform is an integral part of the development strategy, as well as a way of countering social unrest, and there will have to be expropriations if the projects are to produce results.

However, some projects — especially on the coast—include a high proportion of medium-sized farms and here the Agarian Reform Institute's role is limited to issuing title deeds.

Public works, such as local roads and irrigation channels as well as health centres and schools, are being combined with technical assistance, training and community organisation. Public spending has been cut back on many fronts, and rural development is no exception, but AID, the IADB and the World Bank have all made major financial commitments to these projects.

This year's rainfall has been more plentiful in the highlands, and grain production is expected to be up — but more than 90 per cent of the country's wheat must be imported, as well as barley, powdered milk and vegetable oils. For years agricultural output has been falling behind the population increase, and 1981 will be no different. Last year's 3 per cent growth rate was thanks mainly to the livestock and forestry sectors, and latest estimates for this year suggest a similar picture.

New agricultural areas are still being opened up and some of these — for example, the north-west of Pichincha, close to the Quito market — are very rich regions. Others such as the Upper Amazon valleys, are less promising. But even though these areas will add to agricultural output, the basic problems of highland and coastal farmers and peasants have to be tackled if production is to keep pace with food consumption.

Both the chambers of agriculture and the peasant organisations are becoming aggressive, and the Government will have a difficult task to meet their needs and reconcile their very different demands.

Sarita Kendall

Farmers at an agricultural settlement are instructed how to form and administer a co-operative

Fish resources being tallied

AMPLE PROTEIN supplies, natural gas fields and a boom in shrimp farming make the sea one of Ecuador's richest regions. Add to this a steady increase in sea food export earnings, the promise of oil, and a tendency for foreign boats to chase tunny fish into Ecuador's waters, and the country's preoccupation with the establishment of the 200-mile limit is easily understood. So is the anxiety that Ecuador should not "do a Peru" and, by greed or ignorance, overfish its stocks.

British specialists are working with the National Fishing Institute on the first serious attempt to establish Ecuador's fish resources, and though the final tally is not due until 1984, preliminary results are encouraging. It appears that boats are bringing in mature fish, and local stocks are abundant.

However, tunny, on which much of the canning industry depends, migrates from southern Ecuador to southern California during the year, and fishermen remaining in Ecuador's coastal waters claim that shoals have recently become scarcer. The lobster is another cause for concern, and local fishermen accuse owners of the big, well-equipped boats of decimating areas formerly rich in lobsters.

The buoyancy of sea food exports makes a strong contrast with most other Ecuadorean products, plagued by marketing problems and low international prices. Ecuador's sea food earnings last year were up by 27 per cent on 1979, and the first six months of this year saw a further 25 per cent increase over the same period in 1980. In 1970, exports were worth $5.5m and ten years later they reached $156m.

At the same time the fishing sector as a whole has expanded rapidly, though 1980's 10 per cent growth rate is not likely to be equalled this year.

This glowing export picture does not mean Ecuador's fishing industry is free of problems, and some areas are in serious trouble. Tunny fish catches, for example, were slightly down last year to 26,600 tonnes, and though there has been an upward trend in canned exports, sales of frozen tunny fish have remained fairly constant since the beginning of the 1970s. The tunny fleet is based at Manta, and consists of about 70 boats, more than half of them purse-seiners.

A full-scale fishing port, with repair docks, fuel storage, refrigerated warehousing and new piers, to be financed in part by the World Bank, is planned for Manta, but the Government has scrapped an agreement with Spain for the purchase of new boats on the grounds that the tunny fishing vessels were going to be too expensive.

At least a third of the tunny fleet has been lying idle most of this year, and after the Government announced big fuel price increases in February Ecuador's fishing crews went on strike. The Government agreed to hold diesel oil prices for the fishing sector at 25 cents a gallon, 35 per cent under the new official price, but boat owners believe they will probably be paying the full rate before long, with other measures to help compensate for rising costs.

Apart from fuel increases, most wages were double last year and the working week was shortened to 40 hours, while growing expenditure on imported cans is also hitting the industry hard.

The big recent success story is shrimp farming. Banana growers and Guayaquil industrialists alike are investing in this booming business, which promises substantial export income over the next few years, but should also become an inexhaustible source of highly-concentrated protein for local consumption.

Some 30,000 hectares of sandy salt flats in El Oro, Guayas and Manabi provinces are being used as shrimp ponds, and there are plans to more than double this area. Much of the coastal strip comes under state jurisdiction, and the Ministry of Defence concedes up to 50 hectares per person, or 250 hectares per company, for the annual sum of $10 per hectare.

Officials agree that this rent is ridiculously low, and they also acknowledge the fact that many concerns have far more than 250 hectares, but the business is new and government controls have not caught up with its development. Land suitable for ponds is also being bought up rapidly, and prices are multipling each year.

About 75 per cent of Ecuador's export shrimp are now farmed in ponds, and the proportion is increasing annually—to the loss of shrimp fishermen, who find it more and more difficult to compete. In 1970, shrimp exports earned under $2m; this year they are expected to be in the region of $85m, even though foreign prices are relatively low.

The U.S. is Ecuador's main market, but once the Ministry of Natural Resources gives the go-ahead for monodon shrimp breeds, Japan could become a major buyer. These fast-growing, stronger-tasting shrimp favoured by the Japanese fetch prices over $20 per pound, according to one foreign buyer, and the market is virtually bottomless.

The National Fishing Institute recognises that private-sector specialists are way ahead on expertise, and the Government has put up credit for shrimp farming ventures. Foreign investors are also interested, and U.S. companies are closely involved in marketing.

Farm shrimp compared with, say, cattle, produce about 10 times as much protein per hectare. Though prices are still too high for most consumers, shrimp farmers point to rapidly-increasing yields and say that costs eventually should come down far enough for mass consumption.

The need to find sources of cheap protein is a major concern in Ecuador, and British food processing experts are involved in a project aimed at making fish available to rural communities in the highlands. A small solar dryer has been adapted to dry fish to a high standard, and the next step will be to find suitable marketing channels. Other products being developed include fish cakes and deep-fried shark chips—said to be delicious.

Some 50,000 families are directly dependent on the fishing sector for employment, and about 10,000 families live from small-scale fishing, based in villages along the Pacific coast. These local fishermen, with their primitive equipment, are finding it hard to hold their own against company-owned boats and shrimp farmers, while even the industrialists claim profits have been reduced to zero and lower-priced catches from Peru are spoiling their export market.

Among the Government's projects for the fishing sector are an industrial port at Posorja, the main centre for pilchard and mackerel fishing, and four smaller ports for local fishermen at Esmeraldas, Puerto Lopez, Santa Rosa and Puerto Bolivar. One of the main aims of the latter would be to ensure good refrigeration, and reduce the quantity of spoiled fish that has to be used for fishmeal. Last year fishmeal production went up to over 100,000 tons, compared with 38,000 tons of canned products.

Apart from the plans for infrastructure, there are also signs that the Government will raise the tax subsidies—now around 10 per cent, depending on the species—for most fish exports.

Sarita Kendall

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Management abstracts

Employee Turnover. S. A. Laser in Human Resource Management (U.S.), Winter 80: 17 pages (5 pages table)

Suggests misconceptions about the causes and effects of turnover, and finds that inappropriate selection techniques, inadequate training, and inconsistent personnel policies/practices are often to blame. Suggests ways of determining what corrective action is necessary.

Management Buy-outs. R. Brooke in The Director (UK), Apr 81: 44 pages (2 pages)

Points to growing interest in management buy-outs (in which executives backed by investors buy their company from the parent); suggests that by comparison with U.S., this trend has hardly begun; explains methods of incentive financing.

Employee Involvement—Ford Style. L. Jones in Education and Training (UK), Apr 81: 103 pages (2 pages)

Describes an "employee-involvement" programme set up by the Ford Motor Company and the Union of Automobile Workers in U.S., which aims to increase employee participation in all matters affecting their work; notes the principles on which it is based, and outlines the responsibilities of the joint union / company committee charged with its implementation; claims that the scheme is a success.

Gauging Product Profit Potential. H. Kalff in European Journal of Marketing (UK), Vol 14 No 8: 458 pages (6½ pages tables)

Demonstrates how risk analysis techniques can be used to assess the profit potential of a product in a stagnant, decreasing, or increasing market.

What Stops Middleweight Companies Breaking Out? D. Hulbert in Chief Executive (UK), Apr 81: 21 pages (2½ pages)

Looks at U.S. "threshold" companies (i.e. those on the brink of expanding from one-product, informally-managed firms into multi-product companies): maintains that there are opportunities for UK businesses to expand similarly; suggests role changes for chief executives and new marketing strategies to facilitate growth.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained after August 19 at £2.50 each (inc. VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

A squad of expatriates comes to the rescue

A group of Italians working in the U.S. was lured home to help a State-owned electronics company in its hour of need. Guy de Jonquieres reports

ONE OF the first objects to catch the eye of visitors to the Milan headquarters of SGS-Ates, Italy's principal semiconductor manufacturer, is a U.S.-made computerised time-clock projecting from the wall of the entrance lobby. Each day all employees, from top management to maintenance staff, punch in magnetic cards to record their arrival and departure.

The time-clock was installed on orders from Pasquale Pistorio, soon after he was appointed SGS's chief executive last year. It is a tangible symbol of his campaign to use American-style methods to transform the financially-ailing company into a vigorous and aggressive competitor in the world electronics market.

The tighter discipline seems to be working. Like many other Italian companies, SGS has long suffered from chronic absenteeism. But in the past year the proportion of staff calling in sick—the most popular reason given for taking time off work—has been almost halved from 13 to 8 per cent.

Legacy

However, SGS still has a string of other problems to overcome, most of them the legacy of years of slack management. It has, though, preserved a reputation for its innovative and ingenious technology. It spends about 15 per cent of turnover on research and development, about twice the industry average, and has carved out a particular niche in specialised components, notably for use in consumer products and telecommunications equipment.

But lack of firm management control led to over-staffing and chaotic internal organisation. The product line also ran wild; development resources were spread thinly across too many products which could not be sold profitably. The company moved into the red several years ago, and the results have got steadily worse. Last year, it lost L32.1bn (£14.2m) on turnover of L150bn (£66.5m).

SGS could probably not have survived if it had not been heavily supported by the state. It is wholly owned by Stet, the state telecommunications holding company which is part of the IRI group. But even Stet quailed at the prospect of still bigger losses in the future. Last year, it sent out an SOS call to Pistorio.

An ebullient 45-year-old Sicilian, Pistorio was then working in Phoenix, Arizona, as a vice president of Motorola, the big American electronics company, in charge of international semiconductor operations. He had risen to that post, one of the most senior filled by a non-American, after 17 years with Motorola in the U.S. and Europe.

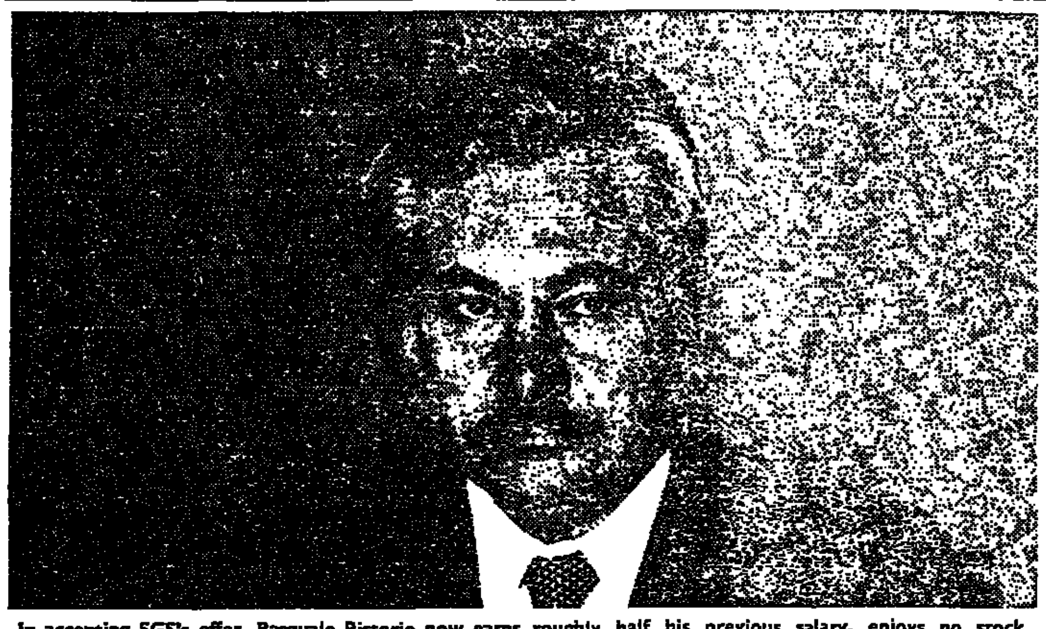
He accepted the SGS offer, he says, out of patriotism, and because he was excited by the challenge, even though it entailed big material sacrifices. He now earns roughly half of his Motorola salary and enjoys no stock options. His only perk is a chauffeur-driven, bullet-proof Alfa Romeo equipped with an elaborate array of anti-terrorist devices worthy of James Bond.

He has recruited about half-a-dozen other new executives and moved them into key management positions. Culturally, most are from a similar mould—Italians schooled in the hard-driving U.S. electronics industry. Most also worked previously for Motorola. Along with American management techniques, they have brought such habits as addressing internal memoranda in English.

Their top priority over the past year has been to draft a coherent recovery strategy, which was recently approved by Stet. More remarkably, in view of Italy's tortuous Government bureaucracy and fractious industrial relations, it has also been speedily endorsed by Ministries in Rome and by the company's unions.

The strategy aims high. It calls for a four-fold increase in turnover by 1985 and an expansion of sales outside Europe to 50 per cent of the total from 20 per cent today. Moreover, this growth is to be achieved profitably. Pistorio expects to stabilise this year's losses at last year's level, halve them next year and move into the black in 1983.

Such targets would be ambitious at the best of times. But SGS is starting out at a moment when the world market for microchips is flagging and the industry is engaged in a savage price-cutting war. Nor is the strength of the dollar much help; most of the costly equipment needed in the highly capital-intensive manufacture of electronic components can only be bought from the U.S.



In accepting SGS's offer, Pasquale Pistorio now earns roughly half his previous salary, enjoys no stock options and has a chauffeur-driven bullet-proofed Alfa Romeo as his only perk. His strategy calls for a four-fold increase in turnover by 1985. But he says "As long as this industry favours brains, we are at an advantage"

But Pistorio argues that SGS has an important compensating asset; skilled electronics designers and technicians are relatively cheap in Italy, earning only about two-thirds the salaries of their U.S. equivalents. "As long as this industry favours brains, we are at an advantage," he says, adding that some SGS employees have turned down offers to join American firms at double their present pay.

Doubts among competitors about whether SGS can achieve its goals are tempered by widespread respect for Pistorio and his colleagues. Dr Robert Heikes, head of international operations at National Semiconductor of the U.S., and a man generally pessimistic about European efforts to enter the microchip market, says: "Pistorio has a very difficult assignment. But if anyone can do it, he can. I will be surprised if he pulls it off completely. But I'd be equally surprised if he didn't make an awful lot of progress."

The SGS team has already eliminated some major sources of loss. It has trimmed the labour force by 1,000 to about 8,000 and has closed an assembly and test plant in Falkirk, Scotland. It has opened a new facility in Malta, which has lower wage costs and enjoys privileged access to EEC markets. The rambling product range, which previously was broader even than Motorola's, has been ruthlessly pruned to six main product lines.

The surgery is starting to show results. SGS says that its prospective loss this year has been reduced by L25bn. Sales per employee have picked up sharply, too. Pistorio expects an average of L21m this year, up from L14m in 1979, though still well below the U.S. industry's L35m.

The improvement is due also to more aggressive marketing. SGS recently added five more sales offices in the U.S. to its existing operations in Boston and Chicago. American sales are running at double last year's annual rate of $12m, and the aim is to increase them to $200m by 1985. In the Far East, where a new office has been opened in Hong Kong, sales are up 40 per cent on this time last year.

SGS has also set up a design centre in Phoenix, in the U.S., and is studying plans for local manufacturing. The purpose of this rapid U.S. expansion is partly psychological; SGS believes that it is important to offer tangible evidence that it is committed to the American market if it is to win the confidence of customers there.

Pistorio also wants to develop a closer long-term relationship with SGS's major customers. In Italy, he has already concluded an agreement whereby SGS will share some of its technology with Olivetti in exchange for being granted privileged status as a supplier to the big business machine group.

Specialised

SGS's performance over the next five years will depend heavily on its product and marketing strategy. Pistorio and his team have decided to continue concentrating on making components for fairly specialised applications, where margins are relatively high.

That is in sharp contrast with the approach taken by Britain's state-backed Inmos, which is going after the market for mass-produced "standard" chips, where risks are bigger.

SGS is directing its attention to four principal market segments: telecommunications, which it expects to be the biggest source of its growth in the next five years; consumer products, in which it already has an established position; automotive electronics; and industrial applications, like process control.

To be competitive, it must supplement its strengths in proven products like power transistors, discrete devices and linear integrated circuits by adding to its portfolio of newer technologies, particularly Metal Oxide Silicon (MOS). Integrated circuits using MOS are by far the fastest-growing part of the world microelectronics market.

SGS already holds a product licence entitling it to manufacture the successful Z-80 microprocessor developed by Zilog, a leading Silicon Valley company in the U.S., which supplies the "brains" for a variety of microcomputers. It is seeking energetically to line up similar "second sourcing" agreements with other semiconductor manufacturers.

It also recently opened a $70m plant at its Agrate headquarters, just outside Milan, where silicon chips using MOS technology are designed and produced.

To catch up and stay up in the microelectronics race will require substantial further investment in the years to come. Pistorio is reluctant to name exact figures but points out that the industry rule-of-thumb is that a dollar of investment is needed to generate each extra dollar of sales. That would imply total investment by SGS of a massive $400m or so between 1980 and 1985.

That prospect does not appear to daunt him. He says that he is satisfied by assurances of adequate state support, which is at present carrying the bulk of the investment burden. But he insists that before 1985 he expects SGS to be covering most of its own needs out of cash flow and borrowings.

Being part of Stet undoubtedly helps SGS's creditworthiness with Italian banks. But before adding to its existing borrowings (much of which are long term and at relatively low interest rates), it will have to enlarge its capital base. That is likely to happen later this year. Negotiations are under way for the sale by Stet of up to 49 per cent of its equity holding to Olivetti. The proceeds would be channelled back to SGS.

Ironically, Olivetti originally owned a controlling interest in SGS but sold out about 10 years ago (see box) because it doubted whether the company could survive the frenetic competition of the electronics industry. Its renewed interest is perhaps the most emphatic gesture of confidence in the strategy being pursued by Pistorio and his colleagues that they themselves could wish for.

The turbulent history of SGS-Ates

The emergence of SGS-Ates over the past 25 years has been fraught with almost as many complex twists and turns as Italy's political life during the same period.

In 1957, decisions were taken to set up two semiconductor companies. In northern Italy, Olivetti, Fairchild of the U.S., and Telettra (now part of Fiat) established SGS as a joint venture using Fairchild technology under licence. In the south, the Italian subsidiary of the West German Siemens group created Ates, which was licensed to use technology developed by RCA of the U.S.

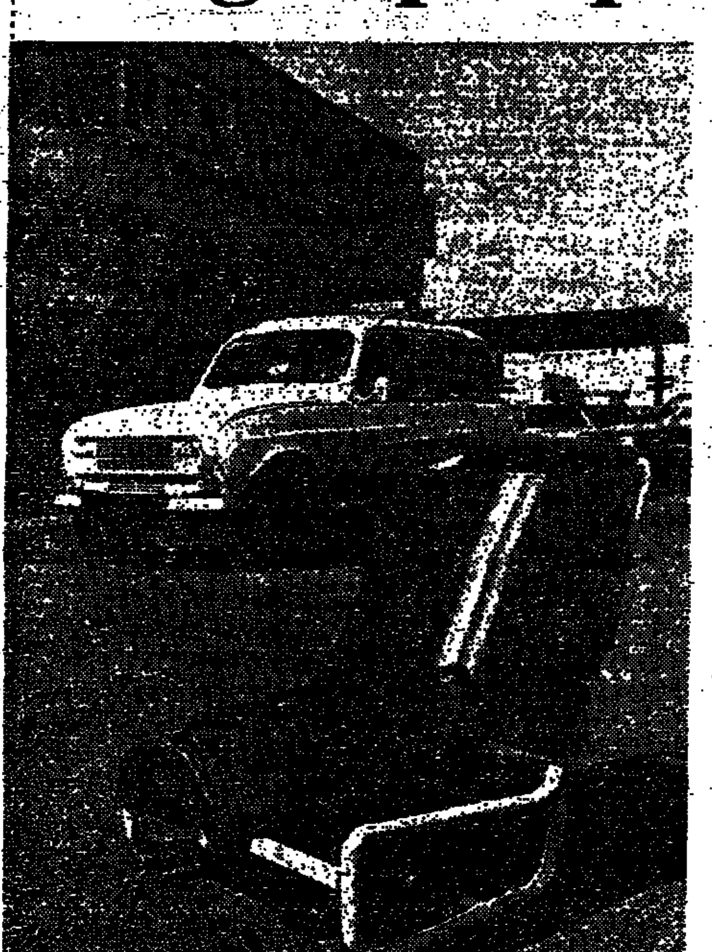
Since then, both companies have passed through the hands of several different owners. Ates, technologically the less successful performer, was taken over by Italtel, Italy's state-owned telecommunications equipment manufacturer, when it absorbed the local Siemens subsidiary.

In the late 1960s, Fairchild and Telettra decided to sell their shares in SGS to Olivetti. A few years later, Olivetti announced its intention to pull out. To fend off a threatened takeover by Motorola of the U.S., Stet decided to buy SGS and merge it with Ates in 1971.

TECHNOLOGY

EDITED BY ALAN CANE

Bright prospects for European seat system in U.S.



A MILLION SEAT UNITS A YEAR

PIRELLI'S GRG division at Burton-on-Trent supplies 1m lightweight seat support systems to European car manufacturers a year. The most attractive of the claims made for the Sisiara system—as far as potential U.S. customers are concerned—is that it saves weight, which, in turn, means fuel savings.

A breakthrough seems to have been achieved after a year of hectic activity to convince U.S. car manufacturers about the benefits of using Sisiara, the European lightweight seat support system. Report by KENNETH GOODING, Motor Industry Correspondent.

THE SIZE of the average U.S. car is being dramatically reduced as the automotive industry there carries out its frantic $80bn programme in search of fuel savings.

Reducing the size of the gas-guzzlers is an easy way to save weight and thus improve the miles per gallon.

But, as far as the Americans are concerned, that can only go so far. "The people who drive the cars are not getting any smaller," is an oft-spoken cliché in the industry these days.

Many Americans have yet to appreciate what clever design can achieve to give a small car plenty of cabin space because they are not aware of what the Europeans have already been able to do.

But it is perfectly true that, while you can "downsize" a great many things in a car to save weight, there are some things which must remain of a certain minimum dimension. Seats, for example.

With this in mind, Pirelli's GRG division, at Burton-on-Trent, has been tackling the U.S. industry in the hope of convincing manufacturers that the downsized vehicles in the production pipeline could benefit from its Sisiara lightweight seat support system.

After a year of hectic activity, the breakthrough seems to have been achieved.

Pirelli GRG expects shortly to sign a contract to provide units for 150,000 cars and trucks a year for a U.S. maker, starting with the 1983 model year. That is September 1982.

Future prospects are also bright—the U.S. vehicle manufacturers need 15m new front seats a year—that it has been able to find a licensee to provide the local supply source the Americans prefer.

Cooper Tire and Rubber, a specialist tyre maker with annual sales of $300m and ranked about seventh in the league of American tyre manufacturers, has taken out a licence to produce Sisiara.

According to Pirelli mythology, Sisiara has its origins in the day when an Italian prisoner of war cut an old tyre into strips and attached them to his bunk to provide more-comfortable support.

Certainly, the material, patented by Pirelli GRG in 1974, uses tyre technology to combine rubber and fabric in a springing medium for car and truck seats.

The GRG division at Burton had since 1953 been a supplier of seating products. In 1975 it became the sole supplier of Sisiara within the world-wide Pirelli group. Since 1974 GRG division has spent £500,000 developing Sisiara and that is now paying off.

At present, half the 250 people at the GRG division are involved in Sisiara production and 1m units a year are supplied to European manufacturers.

Look under the seats of cars ranging from the Fiat Panda at one end of the price scale, to the Aston Martin Lagonda at the other and you will find Sisiara being used. Even the French have capitulated, and both Peugeot and Talbot use the Sisiara units for some models.

Of course, BL fits it to some seats in some models—Rover, Metro—and so does Britain's newest car producer, De Lorean.

Pirelli GRG reckons European demand for Sisiara will rise rapidly to an annual 1.5m and to cope is installing another £225,000 of equipment at Burton.

The most attractive of the claims made for the material, as far as the Americans are concerned, is that is saves weight. Pirelli GRG maintains that in one typical recent case the saving on foam cushion weight alone for the seat of a U.S. "compact" saloon was 23 per cent (an actual reduction from 1,497 to 1,148 grammes). A Sisiara unit to spring a seat of 370mm by 358mm weighs just 255 grammes.

However, among Sisiara's other attractions, according to Pirelli GRG, is that it does not squeak, sag or break.

Failures so far are nil—which is hardly surprising given the hammering a tyre takes compared with what the rear end of the human anatomy can do to the similarly structured Sisiara.

By using various combinations of fabric and rubber and steel springs a seat can be "tuned" to give exactly the type of ride a vehicle maker wants—from very hard to very soft.

Pirelli GRG claims that—although the price of Sisiara is higher than a conventional spring unit the cost of the finished seat is lower because not so much foam is used and the Sisiara unit is easier to assemble.

Pirelli GRG supplies units ready to fit the seat, which is what vehicle manufacturers prefer.

Of course, Sisiara, by the nature of its composition, is much more flammable than metal springs. But it meets the U.S. flammability standard MV 302—essential if it is to be used in the States.

The standard was achieved so that Saab could sell cars fitted with Sisiara in the U.S. The Swedish manufacturer fits Sisiara to all the front seats of all its cars.

The U.S. vehicle manufacturers also like suppliers to have the capability to provide products for the so-called "world cars," vehicles made to similar dimensions in many markets around the world, often using compatible components.

Pirelli GRG is equipped to handle such demands because it has for some time had a Japanese licensee for Sisiara, Tokai Rubber, part of the Sumitomo group. But so far Tokai has not begun to manufacture the material.

However, Cooper Tire in the States hopes to get into production very quickly.

Programme helps managers to plan for the future

A PROGRAMME that allows businessmen and managers to plan for the future using a computer model of their company, has been developed for the Commodore Pet microcomputer.

The MicroModeller programme was successfully launched earlier this year on the Apple Computer—more than a thousand copies were sold to such companies as Rolls-Royce, Plessey, and smaller concerns.

Now, the distributors, ACT Microsoft of Halesowen, West Midlands (021 501 2284) are releasing a version for the popular Commodore Pet. ACT claims that, at £920, the cost of the package is less than many computer-users spend on financial modelling each month, using the time-sharing system.

The MicroModeller programme aims dramatically to cut the cost of using a computer for financial planning, budget preparation and multi-level consolidations. The release of a Pet version of MicroModeller means that the version will now be available through more than 500 computer and business system specialists in Britain.

MIKE WILTSHIRE

..POINTERS..

● **DATA SECURITY:** A new package aimed at the protection of data from accidental or intentional computer misuse is announced by Westinghouse Management Systems of Edgware, Middlesex (01-951 1615). The Security Access Controller (SAC) is intended for banks, financial and government institutions and designed to eliminate problems such as the deletion of critical files, illegal manipulation of data and the theft of confidential information.

The three main areas of security encompassed by SAC are system entry protection, data set protection and auditability and accountability. The system was developed in the U.S. by Electronic Data Systems of Dallas, Texas

● **PRIORITY CALLS:** A microprocessor-controlled telephone call priority indicator which makes it possible to answer all incoming calls in rotation has been developed by Cole Electronics of Purley, Surrey (01-668 4161). The system also provides, both in display and print-out form, statistical information on call data, such as the number of calls abandoned or answered, the time taken to answer and the average answer time.

● **MICROFILM:** Agfa-Gevaert will launch its Copex LK-P reader-printer at this year's International Business Show at the National Exhibition Centre, near Birmingham (October 20-29). The reader-printer can produce a plain paper A4 copy from any flat microform, including aperture cards and Jumbo fiche, as well as the normal A6 fiche or jackets.

Among other new Agfa-Gevaert products will be a high-speed automatic duplicator for microfiche. More on 01-560 2131.

● **TRAINING COURSE:** To help industry meet the challenge of new technology, Control Data of London is to develop a course on "The Management of Change" as part of the Department of Industry's Microprocessor Application Project. Control Data's Plato computer-based education system will be one of the principal resources for the course. The Plato system stimulates learning by providing self-paced, individualised and non-competitive instruction. Details on 01-212 3411.

● **COMPUTING:** Peripheral Hardware of West Molesey, Surrey (01-941 4806) is launching a range of touch-sensitive faceplates which can be overlaid on a 12- or 15-inch CRT to give data access by touching the plate with the fingertip. Public data access terminals are the market target (shops, airports, libraries).

● **COMPUTER ACCESSORIES:** With more than 200,000 Apple computers in use worldwide, a Warrington company, U-Microcomputers (0925 54117) says there is a vast market for peripherals. U-Microcomputers is launching three plug-in accessories which expand the Apple capabilities; these enlarge the memory, provide an auxiliary Z80 processor and allow connection of serial devices, such as printers.

● **CYPHER SYSTEM:** Confidential telex message preparation can now be done in the executive office, away from the telex room. Merck and Hollander of Pangbourne, Berkshire (07357 2151) says its new Hi-Tex 2800 telex preparation and cypher system offers electronic editing and seven-page memory.

● **MEMORY SUBSYSTEM:** What is claimed to be computer industry's smallest bubble memory subsystem has been introduced by National Semiconductor (0234 47147). The new board, the BLX 9352, measures less than 11 sq in and operates on less than 5 watts. Applications include airborne and shipborne systems.

● **COPIER:** Gestetner's new 2003 plain paper copier, with a stationery platten and a straight paper path for greater reliability, is intended to fill the A3 gap in the Gestetner range. The machine, which also produces copies on headed paper, labels or transparencies is claimed to be ideal for users needing up to 20,000 copies a month, and can handle paper sizes from A5 to A3 in refillable cassettes. More on 01-387 7021.

● **AGREEMENT:** Zilog of Maidenhead, Berkshire (0628 36131) and Advanced Micro Devices, of Woking, Surrey, have signed a letter of intent for a licensing agreement under which AMD will manufacture and market a new 32-bit microprocessor being developed by Zilog, as well as a virtual memory version of the 16-bit Z8000 microprocessor.

● **CONTROL:** From Northeast Electronics of Newcastle-on-Tyne (0632 673814) comes news of a microprocessor-based controller which can move machine tool tables with up to four axes of movement (continuous path control) at programmable feed rates.

● **SWITCHES:** A new family of 12 input/output switches for logic-based industrial control systems has been announced by International Rectifier of Oxted, Surrey (08833 3215). These modules provide an electrically clean, noise free interface between programmable controllers, microprocessors or logic-based equipment and external elements such as limit switches, thermostats, pressure switches, solenoids, heaters, motors and valves.

● **HAND TOOLS:** A new range of pneumatically-operated hand tools is now available from Dalmeen of Halifax, Yorkshire (0422 32326). The products—all in the Biax range—include straight and angle grinders; filing, drilling and oil groove cutting machines; chipping hammers, orbital sanders, motorised spindle units and flanged air motor units.

LOMBARD

How not to run the NEDC

BY JOHN ELLIOTT

THE organisers of the National Economic Development Council meetings really ought to know better. To arrange one session in the first week of August which turns into a fiasco after a clash between the general secretary of the TUC and the Chancellor of the Exchequer is bad enough. To repeat the fiasco exactly a year later is inept. Anyone would think that someone was trying to organise discordant clashes and to put Sir Geoffrey Howe on the spot, reducing the credibility of the council at the same time.

But of course the world does not work like that (at least not usually in the UK), and the answer probably is that no one outside the TUC stopped to think how ludicrous it would be to try to have a macro-economic debate in the first week in August. Treasury officials apparently insisted on staging the event, presumably hoping to join forces with the CBI to influence the autumn pay round.

Gentle air

There are two reasons why this was stupid. One is that TUC leaders cannot be expected to adopt a gentle co-operative air with this Government just four weeks before their annual congress. Imagine the hostile reception Mr Murray would get in Blackpool if last Thursday's newspaper headlines had proclaimed: "TUC does 'U' turn on pay—agrees to talks with Howe." Even a tamer "TUC and Howe agree on economic priorities" would have been bad enough.

The second reason is that no union leader is seriously going to sit down in the present political climate and launch new tripartite initiatives just as the holidays are starting, when there will not be another council meeting for two months, after the congress and all the political parties' conferences.

On August 7 last year, the TUC rebuffed Sir Geoffrey and refused to play any part in such a debate. Mr Len Murray effectively kicked the item off the agenda for two months. On August 5 this year — last Wednesday — he again refused to discuss pay.

"It is no use to talk to us about holding down wages if the Government has decided to use unemployment to screw down wages. It leaves no role for the TUC to play," he declared. And with considerably more aplomb than the TUC would have felt confident to display a year or so ago, he cashed in on the Government's internal dissension by formally dissociating the TUC from Sir Geoffrey Howe's views.

Knots

Sir Geoffrey's problems were compounded by the fact that he was not supported by the usual NEDC Cabinet Ministers, all of whom were either away on business, on holiday, or ill. This left him with the double job of being chairman of the meeting and chief defender of the Government's policies. He did not do very well. His bland style, assuring everyone (as he always does on every possible occasion) of how much he values the council, is rapidly losing its credibility. He seems to take little practical notice of what is said. And, according to some participants, he shows no political flair, woodenly letting the council tie itself up in knots instead of plucking themes from the debates and turning them into positive ideas.

When challenged by Mr Frank Chapple of the electricians' union to prove how he was influenced by the council's discussions, he could only point to the working parties set up on energy costs and nationalised industry financing which have so far achieved virtually nothing.

Opportunities

There is no danger of the TUC walking out in anger or disgust—the NEDC framework can do valuable work when it is not discussing subjects for which Sir Geoffrey is personally responsible—and the unions will stay to take part in that. But by turning the council meetings on major economic issues into a charade, Sir Geoffrey is not only doing the NEDC a disservice as an institution, he is also allowing important opportunities for constructive dialogues to be wasted. The council will be 20 years old next year—Sir Geoffrey should ponder how to celebrate the event without provoking further uproar.

Balancing the interests of parents and the child

THE WEEK IN THE COURTS

BY JUSTINIAN

INDISPUTABLY, the law must always be seen to uphold the right to human life. And where the life is that of a person who is incompetent to determine and safeguard his own interests, the law must be designed to protect those interests. In the case of a child, the law will be astute to confer its protective role, free both of government intrusion and from harmful parental action (or even inaction).

The Court of Appeal late on Friday was thus instinctively right to assume that in the last resort it is the courts' duty to decide whether a child's life should be preserved by authorising a surgical operation against parental withholding of consent to the doctors.*

But the alacrity with which that Court intervened may have led Lords Justices Templeman and Dunn to conclude too rapidly to intervene in the parental decision, agonisingly made, to let nature take its course.

There are just as indisputably interests beyond the best interests of the child that might have induced hesitancy in the two Lords Justices before they overrode the former's interests, even if abdication of any judicial function would not have been a feasible proposition in the absence of specific legislative decree.

The parents, in a thoroughly responsible (even if arguably misguided) way, had taken the view that their Mongol child, born ten days earlier, should not undergo a vital intestinal operation, but should be left to die. Who should deny them that choice?

There are two competing principles that operate in the law of child welfare. First, it is axiomatic that in any dispute over the welfare of a child the paramount interest is that of the child's welfare, although the law has not always been so categorical. Until fairly recent times a child was regarded as a piece of paternal (and later parental) property, and the interests of the child were relegated to those proprietorial rights.

The principle of paramountcy in more modern times reflects more than just the child's interests; it is very much in society's interests.

Every time society intervenes in the pattern of a child's life, because there is apparently a grossly inadequate parent-child relationship, a rescue by the law of that child from physical or psychological harm, there is a gain of a citizen capable of living a useful life and of becoming an adequate parent for future children.

The second principle is privacy. This reflects the vital role of the law in safeguarding the rights of parents to raise their children as they see fit, free from intervention by the State and from intrusion by the courts in their family lives. This preference for minimum intervention for leaving parents and their children well alone is reinforced by the recognition that the law is incapable of effectively managing so delicate and complex a relationship as that between parent and child.

The law is thus primarily, if not exclusively, concerned with cases of actual parental neglect or abandonment of children, with the corollary of the need to place such children with suitable adopters, foster parents or in governmental institutions.

Where the adults involved are unable or incapable of reaching agreement among themselves as to the proper disposal of their children, the courts will inevitably intercede on behalf of the children. Likewise, if the parents are at odds with child welfare authorities, the courts may have to intervene to adjudicate between them.

But before the courts decide the child's future placement, it must first be determined whether any intervention is legally permissible. In doing so, the courts must have respect for parental rights as well as the child's interests. Once intervention is accorded, the appropriate disposal of the child becomes paramount; the parent's rights play a subsidiary role.

Courts, once their undoubted jurisdiction to intervene is invoked, are never the less here today and gone tomorrow. Any decision they make can be enforced only remotely.

It is the parents, or substitute parents, that have to cope day in and day out with the often stressful problems of coping with a mentally or physically handicapped child. How otherwise adequate and responsible parents decide to cope with such family problems is an expression of their privacy to choose without legal dictate. It is an interest too precious to be lightly, if ever, dismissed.

The Court of Appeal's decision reflects perfectly the modern trend that asserts that the law must be child-oriented in its decision-making. But they lag behind the most recent thinking in child-welfare circles that asserts that the child's paramount interests arise only as and when its future becomes the subject of official controversy.

Before placement of the child, whether with one parent rather than the other, or with someone other than the child's biological parent, the law should be astute to safeguard parental rights over their children. Courts are not unaware of their interference with parental rights and they override such rights knowing the impossibly difficult task they undertake. They are obliged to do so because the legislature provides too little guidance, let alone specific rules to be applied.

Where a parent abandons a child involuntarily, courts tend to respond differently from the cases where the parental action or inaction is voluntary. Judges will view the parents as the civtims of war, illness or the like, notwithstanding the child's needs.

An outstanding example occurred after the war. Jewish parents in the Netherlands, who were lucky enough to survive concentration camps and returned to reclaim their children whom they had entrusted to non-Jewish compatriots for the duration of the war, were treated sympathetically.

Many of these children had become totally estranged from their Jewish parents and had grown intimately into the families of their Unitarian foster parents. The choice between causing intolerable hardship to the child, wrenched from the only family it had come to love, and causing further intolerable hardship to already victimised adults—who after losing freedom, livelihood and worldly possessions and would now lose possession of their child—could only be tragic.

The Dutch Parliament resolved the predicament by decreeing that the children were invariably to be returned to their Jewish parents. The legislation avoided the unenviable task of the courts having, on a case-by-case determination, to decide the outcome of contests over the custody of individual children.

Is there a lesson to be learned from this precedent? Should the UK Parliament decree that parents of physically or mentally handicapped children should alone determine the fate of their offspring?

Only when the parents could be said to be acting wholly unreasonably would the courts have to adjudge that the decision should be taken away from them. To do otherwise is to deny any parent the right of privacy over their children. Which is what the Court of Appeal understandably decided to do.

*Re "B" (minor). Times Law Report, August 8, 1981.

Justinian will reappear in these columns on September 7.

Madam Gay in for Arlington

RACING

BY DOMINIC WIGAN

FEW things are certain in racing—least of all the appearance of a sometimes troublesome filly some 3,000 miles from home on a given date at a given place. However, barring injury or a worsening of the air traffic controllers' dispute, Madam Gay will, one can safely assume, be in the field for the Arlington Million on August 30.

Yesterday Paul Kellway paid $20,000 for the filly's late entry in the Chicago race which, had it been made back in December, would have cost only $1,000.

With unprecedented prize money on offer for a thoroughbred race, which goes down to include $30,000 for the fifth place, Kelleway is strongly in favour of Madam Gay's participation. He is equally anxious to secure the services of Lester Piggott, despite the fact that he would have to upt up at least 4 lbs over weight.

Under the conditions of the race three-year-old fillies from the Northern Hemisphere are alocated 8 st 1 lb, with the colts of that age and from the same hemisphere) due to carry 5 lbs more. Southern Hemisphere three-year-olds will have a 5 lbs advantage.

At the other end of the age scale weight advantages are the same for the Southern Hemisphere runners with the Northern-trained four-year-olds colts and fillies due to line up under 9 st and 8 st 9 lbs respectively.

Although Kelleway clearly feels confident of again securing Piggott I would not be entirely surprised to see him riding Argument.

It was only a short while after Argument failed by half a length to overcome the handicap of his inexperienced partner's riding, and that good filly Detroit in the Arc that the unlucky colt went on to land the Washington DC International in the hands of Piggott, the most successful jockey in the history of the race.

Latest Ladbroke's odds on the Arlington Million: 7-2 John Henry (U.S.A.), 6-1 Madam Gay, 8-1 Argument (France), and To-Agori-Mou, 10-1 Bold Tropic (U.S.A.), Caterman (U.S.A.) and 10-1 Fingals Cave, 12-1 Kilijaro (U.S.A.), 16-1 Ben Fab 7-1 Temperence Hill (U.S.A.), (Canada), 16-1 Key To Content and 16-1 Rossi Gold, 20-1 Mountdrago (Argentina) and 25-1 Premio Nobel (Chile).

NEWCASTLE

2.30—Beldale Ruler
3.30—Scarrowmanwick***
4.00—Slenderhagen
5.00—Padski

WINDSOR

2.30—Glancing
3.00—Miss Glancy
3.30—Walter Mitty
4.00—Needs Supporting*

NOTTINGHAM

5.45—Particular Miss**

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency). 9.50 Jackanory. 10.05 Why Don't You . . . 10.30 The Wombles. 10.35-11.00 Think Again with Johnny Ball. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Bod. 3.30 Home on Sunday. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Hong Kong Phoeey. 4.55 Newsround. 5.05 Go With Noakes. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Tom and Jerry.
6.30 Doctor Who.
6.55 Ask the Family.
7.20 Freebie and the Bean.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "The Heart is a Lonely Hunter," starring Alan Arkin.
†11.25 Phil Silvers as Sergeant Bilko.
11.50 News Headlines.

All Regions as BBC1 except as follows:—

Cymru/Wales — 1.30-1.45 pm Dan Draed. 5.55 Wales Today. 6.20 Dad's Army. 6.50-6.55 Newyddion. 11.50 News Headlines; News and Weather for Wales.

Scotland—10.30-10.40 am The House that Joe Built. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines; News and Weather for Scotland.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines; News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
4.50 Open University.
6.55 Six Fifty-Five Special.
7.25 Return Call to Brass Tacks.
7.30 Mid-Evening News.
7.40 Under the Weather.
8.05 Secret Army.
9.00 Anne Murray and Her Music.
10.00 Brass Tacks.
10.45 Newsnight.
†11.30 Laurel and Hardy in "Any Old Port."

LONDON

9.30 am Larry the Lamb. 9.40 The Search for the Persian Royal Road. 10.30 Animated Classics. 11.15 Rocket Robin Hood. 11.35 Razzmatazz. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Me and My Camera. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Spinners. 2.00 The Riordans. 2.30 Matinee: "Quest for Love." 4.15 Foghorn Leghorn. 4.20 Runaround. 4.45 Into the Labyrinth 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A Sharp Intake of Breath.
8.30 World In Action.
9.00 Quincy.
10.00 News.
10.30 Hammer House of Horror.
11.30 Great Fights of the Seventies: Lopez v Ayala.
12.25 am Close: Sit Up and Listen with Mollie Sugden.

All IBA Regions as London except at the following times:

ANGLIA

9.40 am The World We Live In. 10.05 Young Ramsay. 10.55 Stingray. 11.20 Pro-Celebrity Snooker 12.30 pm Home and Design 1.20 Anglia News. 2.00 Monday Film Matinee: "The Battle of the River Plate" 5.15 Worzel Gummidge. 6.00 About Anglia. 6.30 Survival 10.30 WKRP in Cincinnati 11.00 In Concert. 11.30 Hammer House of Horror. 12.30 am Reflection.

ATV

9.25 am The Nature of Things 10.20 Superstar Profile. 10.45 The Washington Trail. 11.10 Young Ramsay. 12.30 pm Home and Design. 1.20 ATV News. †2.00 The Monday Matinee. "A Night to Remember." starring Kenneth More. 5.15 Worzel Gummidge. 6.00 ATV News. 11.35 'Till Divorce Do Us Part. 12.05 am Something Different.

BORDER

9.35 am The Lost Islands. 10.00 Superstar Profile. 10.25 Chopper Squad. 11.10 Thunderbirds 12.30 pm Home and Design. 1.20 Border News. †2.30 Monday Matinee: "Dr Strangelove." starring Peter Sellers 5.15 Worzel Gummidge 6.00 Lookaround Monday. 6.15 Spare Time. 6.30 Peterborough Festival of Country Music. 11.30 Border News Summary.

CHANNEL

12.30 pm Home and Design. 1.20 Channel Lunchtime News, What's On Where and Weather. 2.00 The Monday Matinee: "The Odd Couple." 4.00 Cartoontime. 5.15 Worzel Gummidge. 6.00 Channel Report 6.10 Chopper Squad. 10.28 Channel Late News 11.30 News and Weather in French.

GRAMPIAN

9.55 am First Thing. 10.00 Tarzan. 10.45 Al Oeming: Man of the North. 11.10 Call it Macaroni. 11.35 Bailey's Bird 12.30 pm Home and Design 1.20 North News. 2.00 Monday Matinee: "Northwest Passage" 5.15 Worzel Gummidge 6.00 Summer at Six. 6.35 Target Bowls 11.30 North Headlines. 11.35 Father, Dear Father

GRANADA

9.30 am Evolution 9.50 Cool McCool 10.15 Tarzan. 11.00 Sesame Street. 12.30 pm Home and Design 1.20 Granada Reports 1.30 Music from the Flags 2.00 Monday Matinee: "Melba" starring Patricia Munsel and Robert Morley 4.05 The Thames. 5.15 Worzel Gummidge 6.00 Granada Reports News. 6.10 Old Salts 6.30 The Addams Family. 11.30 Cities.

HTV

9.45 am Survival. 10.10 Fang Face. 10.35 Out of Town. 11.00 Sesame Street 12.30 pm Home and Design. 1.20 HTV News 2.00 Disney Cartoons. †2.15 Monday Matinee: "Dual at Diablo." 4.45 Bailey's Bird. 5.15 Worzel Gummidge. 6.00 Report West. 10.28 HTV News 11.30 Paris by Night

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 1.30-2.00 Hamdden. 4.15-4.20 Card ft Searchlight Tatto. 4.45-5.15 Ser. 6.00 Y Dydd. 6.25-7.00 Report Wales. 10.30 The Questors. 11.00-11.30 The South Wales Echo Snooker Tournament.

SCOTTISH

9.55 am The Natural Environment. 10.20 Adventure Time. 10.30 England Their England. 10.55 The Lost Islands. 11.20 Pro-Celebrity Snooker. 12.30 pm Home and Design. 1.20 News and road and weather 2.00 Monday Matinee: "The Devil At 4 O'Clock" starring Spencer Tracy. 5.15 Worzel Gummidge. 6.00 Scotland Today/Crimedesk. 6.30 Mork and Mindy. 10.30 Golfing Greats—Henry Cotton. 11.00 Late Call. 11.05 Hammer House of Horror

SOUTHERN

9.30 am Coral World. 10.30 The Adventures of Niko. 11.00 Stone of Destiny. 11.30 George Hamilton IV. 12.30 pm Home and Design. 1.20 Southern News. 2.00 Houseparty. 2.25 Walt Disney Classics. †2.40 "Too Many Crooks," starring Terry-Thomas. 5.15 Worzel Gummidge. 6.00 Day By Day, including Southsport. 11.30 WKRP in Cincinnati.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Untamed Frontier. 9.55 Beachcombers. 10.15 The Beatles. 10.25 Mumbly. 10.35 Stingray. 11.00 Sesame Street. 12.30 pm Home and Design. 1.20 North East News and Lookaround. 2.00 Monday Matinee: "She," starring Peter Cushing and Christopher Lee 4.00 European Folk Tales. 4.15 Cartoon Time 5.15 End of Part One. 6.00 North East News. 6.02 Sale of the Century. 6.30 Northern Life. 10.30 North East News 10.32 The New Avengers. 11.30 Our Little Town. 12.00 The History of St. Paul's Jarrow.

ULSTER

12.30 pm Home and Design. 1.20 Lunchtime. 2.30 Monday Matinee: "Moment of Danger," starring Trevor Howard, Dorothy Dandridge and Edmund Purdom. 4.13 Ulster News. 5.15 Worzel Gummidge 6.00 Good Evening Ulster. 6.30 Here's Boomer 10.29 Ulster Weather. 10.30 The Monte Carlo Show. 11.30 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 The Lost Islands. 11.00 Summer Sport. 11.55 Wattoo Wattoo. 12.30 pm Home and Design 1.20 Westward News Headlines. 2.00 The Monday Matinee: "Desperate Characters" 4.00 Cartoontime 4.12 Gus Honeybun's Birthdays. 5.15 Worzel Gummidge. 6.00 Westward Diary. 10.32 Westward Late News 10.34 The Hammer House of Horror. 11.30 Faith for Life. 11.35 West Country weather and shipping forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 World We Live In 10.05 Target Bowls: 10.30 The Adventures of Niko. 11.00 Wilderness Alive. 11.55 Wattoo Wattoo. 12.30 pm Home and Design. 1.20 Calendar News. †2.00 Monday Matinee. "The Gift Horse" starring Trevord Howard and Richard Attenborough. 4.00 Hear Hera 5.15 Worzel Gummidge. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 10.30 Clegg's People. 11.00 Hammer House of Horror.

RADIO 1.

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Andy Peebles. 9.00 Simon Bates. 11.00 Mike Read with the Radio 1 Roadshow 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Stayin' Alive. 8.00 Richard Skinner. 10.00-12.00 John Peel (S)

RADIO 2

5.00 am Colin Berry (S). 7.30 Ray Moore (S) 10.00 Jimmy Young (S), 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News and Sport. 6.00 David Symonds with Much More Music (S). 8.00 Folk on 2 (S) 9.00 Humphrey Lyttelton with the Best of Jazz (S) 9.55 Sports Desk 10.00 Town and Country Quiz. 10.30 Star Sound. 11.00 Brian Matthew with Round Midnight 1.00 Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S) 8.00 News. 8.05 Morning Concert (continued). 9.00 News 9.05 This Week's Composer: Manuel de Falla (S) 9.45 Wind Music from Penshurst Place (S). 11.20 Stephen Varcoe and John Constable (baritone and piano) (S). 12.20 pm BBC Scottish Symphony Orchestra concert, part 1 (S) 1.00 News. 1.05 Concert, part 2 (S). 1.40 A Mass and a Folk Cantata by Martinu (S). 2.30 Matinee Musicale (S). 3.25 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Let the Peoples Sing (S). 7.30 "Gu. OPcL ehrd ETA fwy mfwyp jajal Proms 81: Schoenberg's "Gurrelieder," (part 1) (S). 8.30 The Festival Scene in America. 8.50 Proms 81, part 2: Schoenberg's "Gurrelieder" (cont.) (S) 9.50 Some New Jerusalems. 10.30 Jazz in Britain: Bobby Wellins Quintet (S). 11.00 News 11.05-11.15 Dvorak (S)

VHF only—Open University. 6.15-6.55 am and 11.15-11.55 pm; and for students in Scotland, Wales and Northern Ireland only: 11.55 pm-12.55 am.

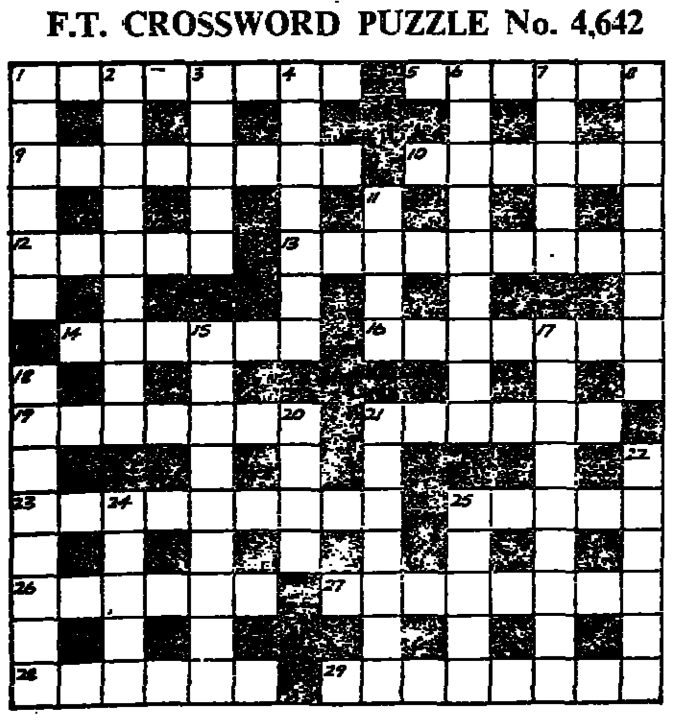
RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.45 The Spy Who Came In From The Cold by John Le Carré. 9.0 News. 9.05 Start The Week With Richard Baker. 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.50 Weigh-In 12.00 News. 12.02pm You And Yours. 12.27 The Jason Explanation Of Fear (s). 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (s). 4.35 Smith Against The System. 4.45 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 The News Quiz (s). 7.00 News. 7.05 The Archers. 7.20 Start The Week With Richard Baker. 8.00 The Monday Play (s). 9.15 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Music At Night. 12.00 News.

Capital Radio

7.00 am The Breakfast Show with John Sachs. 10.00 Sarah Ward. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen continued. 3.00 Roger Scott. 6.30 London Tonight. 7.00 Capital Radio Jazz Festival. 8.30 Alan Freeman (rock music). 10.30 The Late Show with Graham Dene. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,642



ACROSS

1 Second boy attending to part of paper (4,4)
5 Trading association newsman shut up (6)
9 Furniture from the North Sea (8)
10 Axe work of masculine part of Air Force (6)
12 Left Jason's ship during slow movement (5)
13 Country might have army (4,5)
14 Live to declare fur (6)
16 Advocate piano guide (7)
19 Adorned the d— big mangle (7)
21 Fashion navy into something new (6)
23 Frightful father turned back losing interest (9)
25 Treasure money for auditor (5)
26 One politician close to getting hangover (6)
27 Heavenly article used by cook (8)
28 Right of admission to course (6)
29 Hard master in matter found to be out of order (8)

DOWN

1 Degree to which sailor assists rock formation (6)
2 Distinct clue not spotted by guide (5,4)
3 Body of soldiers losing final on philosopher (5)
4 Complainant in cab (7)
6 Agricultural system with no obvious prospective winner (4,5)
7 Minister to orderly housekeeper (5)
8 Follow fruit of character with much ado (8)
11 Break taken by cameraman (4)
15 Watch bet made by private policeman (9)
17 Point of order (9)
18 Rough is a brave eccentric (8)
20 Beginning of the border haircut (4)
21 Mother puts spy in shade (7)
22 Meal is about over (6)
24 Bird making first page mine (5)
25 Conservative-Socialist split (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FINANCIAL TIMES

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Lyttelton

Translations

Any sceptic who feared that the absorption of Brian Friel's *Translations*, the best Irish play for years, by the National Theatre would soften it down or diminish its impact is in for a surprise. It was premiered last year by the Field Day Company in Derry and moved triumphantly on to the Dublin Festival, where I first saw it. Hampstead Theatre gave it a new production earlier this year and it is that version, directed by Donald McWhinnie and designed by Eileen Diss, with costumes by Lindy Hemming, that has now opened in the Lyttelton.

Although set in a Donegal hedge school of the 1830s, there is nothing remote about the dramatic investigation of Anglo-Irish relations. Indeed, for someone like myself, a London Irishman thanks to the potato famine, the play, even after three viewings, sets off strange and complicated feeling of dislocated patriotism, a sharp sense of loss for a world and a way of life to which I can really lay no claim.

This is not maudlin speculation. Nor are these feelings prompted by the exact and highly detailed observation of a vanished rural community. It is with real wonder that this higgledy-piggledly world of casual erudition and fierce communal loyalties is realised by the author, conveyed in a beautifully structured text.

Even in Ireland, it was resonantly ironical that a play about the obliteration of the Irish language was delivered in English. The scene where a young English lieutenant makes love to a bright and romantically ambitious colleen in his language while she responds in hers is struck through with the stuff of real dramatic poetry.

That scene is played unforgettably by Shaun Scott and Bernadette Shortt.

The show has transferred very well to the large stage, with one remarkable elaboration among the cast. This is the performance of Ian Bannen as Hugh, the bibulous master whose glorious speech, a tapestry of Latin tags, remembered heroism, savage perception and lip-smacking phraseology is now incorporated in a characterisation on the grand scale. Whether offering hospitality as he struggles helplessly around the book-cluttered desk, or bullying reflex responses out of his eager class, this kindly Squeers of Ballybeg is both a celebration of a trust in language and a warning about ignoring its application.

MICHAEL COVENEY

Albert Hall/Radio 3

La forza del destino

La forza del destino, which (strange to say) made on Saturday its first appearance at the Proms, is a wonderful work for performance there. *Forza* is a vast canvas, a mingling on an epic scale of romantic drama and spectacle, of personal and popular themes; and though the driving force of some of Verdi's most powerful and psychologically penetrating characterisations could not be fully conveyed by singers in evening dress (some came closer to doing so than others), the stirring sight and sound of an Albert Hall array of orchestra and chorus in tiered ranks, with organ at their apex, brass groups clamouring from corners, and voices of pilgrims ushered in from a back corridor, created their own kind of spectacle. The performers, experienced at Verdi opera Proms since their *Macbeth* of 1978, were the BBC Concert Orchestra and Singers, conducted by John Matheson.

Like that *Macbeth*, this *Forza* had a point of special interest beyond the proving of its Prom suitability; for like that *Macbeth*, this was an original version—the *Forza* (not heard in Britain in modern times) that had its premiere in St Petersburg in 1862, and which Verdi subsequently revised into the form (first given at La Scala seven years later) in which the opera gained and still holds the world's stages. The contrast between the two scores, less thoroughgoing perhaps than between the two *Macbeths* or two *Boccanegras* (the second of both of which was produced after a much lengthier interval), is yet sufficiently remarkable to have made this a notable occasion. The most significant differences are felt at the start — the 1862 prelude is hardly more than a thematic summary of the fully developed 1869 overture — at the end of Act 3, and in the closing scene of the opera.

For St. Petersburg, Verdi had had as his hero Enrico Tamberlik (one of the C sharp *di petto* that so rattled Rossini), and for his *tenore robustissimo*, the composer built into the vocal line and the characterisation the ringing high notes and trumpeting declamation placing the music beyond the reach of most Verdi tenors—the original Act 3 finale, comprising a tenor "aria and cabaletta" with chorus, is of ferocious strenuousness. An even greater stimulus to revision was the need Verdi subsequently felt to temper the starkness of the original ending—a suicidal leap by Alvaro, maddened beyond redemption by Leonora's murder, from the top of a precipice. As Julian Budden's programme note put it, "the ending, fortified with all the emotive power of music, was too brutal—not to say blasphemous—for most audiences of the time." The final scene of *Forza* as we usually have it present Alvaro's bleak view of humanity but then softens it into Christian submissiveness in the beautiful final trio.

The brave Alvaro was Kenneth Collins, shirking none of the vocal exigencies even when high notes were pressed into stringiness. This is not an assignment one imagines Mr Collins will want to undertake on stage: but in general, he showed himself in very good voice, and used it in a free but never coarse or thoughtless way, yet the distinctively obsessive melancholy of the character stayed obstinately out of his range. Martina Arroyo has had a much lengthier experience of Leonora's demands than Mr Collins of Alvaro's, and was also in notably good voice (apart from a few instances, early on, of uncertain tuning): for all the beauty of the phrases set soaring across the spaces—this is properly a voice for the Albert Hall—the character was no less faintly sketched, and one's only consolation is that Miss Arroyo's Leonora was here neither more nor less placid and undramatic than when she last played in the opera at Covent Garden.

Peter Glossop, though the tone is now seldom free or clear (and the raised key of "Urna fatale" caused him passing discomfort), was so vivid in every one of Don Carlo's utterances that he provided the needed bridge between concert platform and stage. Brief mention only of Don Garrard's Father Superior, with moments of real grandeur; of Derek Hammond-Stroud's familiar and cherishable Melitone, of Janet Coster's Preziosilla (a bit "all out," vocally, and so missing the sparky charm of the music), and of good smaller contributions from Roderick Kennedy and Kenneth Bowen. Mr Matheson is an admirable Verdian conductor. He perceives and demonstrates—but without any kind of glossy, self-regarding "show"—the colour and temper of each musical incident: he knits scenes into long movemements; the opera had flow, lyricism, and the right kind of energy. In the tarantella, the orchestra revealed gaps in its virtuosity: the choral singing, in all its dispositions, was excellent.

MAX LOPPERT

Hugh Routledge

Linda Esther Gray and Alberto Remedios

Coliseum

Tristan and Isolde

by RONALD CRICHTON

English National Opera's eagerly awaited *Tristan* in the translation of Andrew Porter was launched at the Coliseum on Saturday. The conductor, Reginald Goodall, the orchestra and the principal singers were warmly and solidly acclaimed, but this *Tristan* as a whole is not on the high level of the same conductor and producers' (Glen Byam Shaw and John Blatchley) famous *Mastersingers* and *Ring*. Even when money is embarrassingly short the problems of staging *Tristan* are surely not so great as for those other immense works, especially the fourfold *Ring*. Yet economy, accepted not as a spur to invention and ingenuity, but has an inhibition, seems here to have laid a blight on what is seen as opposed to what is heard.

So first to the music. Goodall is loosely thought of as a "big" Wagner conductor like Knappertsbusch, giving majestically and generously the full stream of sound, not bothering whether or not high Romanticism is acceptable now. The comparison soon breaks down. Knappertsbusch was reputedly indifferent to rehearsal. Goodall is a brilliant and experienced coach as well as a great interpreter of Wagner. He builds his performances from the base upwards. Everything is worked through, patiently and in detail. It is the "in depth" process, not the inspiration of the moment (though the extent to which his performances sound spontaneous remains extraordinary) that brings the feeling of rightness, the suppleness of phrase the burnish on the tone that goes deeper than surface polish.

Though the playing on Saturday was eloquently responsive it was not invariably fine in detail. There was too much sour intonation for comfort, sometimes in sections (the cellos, for example) where on this level it should be avoided. Hot in the orchestra well? Yes, but it is often hot and sticky in Beyreuth and Munich. Moments of raggedness may be expected with Goodall's beat, which suggests an explorer rather than a drill sergeant. Sometimes sudden illuminations like the precise weighting of the opening phrase of Act 3 were abruptly succeeded by something as shaky as the ascending string phrase. Yet even in the very last bars there was further illumination in the way trumpets and trombones were clearly taken off so that the soft, sustained woodwind chord could shine luminously through.

Goodall has a sharp sense of the relation between sound and space. In the small New Theatre at Cardiff his Welsh National *Tristan* was tremendous without being overwhelming in the wrong way. In the Coliseum the sound was rich, strong, transparent, firmly based, and acutely balanced with the voices in a way not every conductor achieves in this theatre. In Tristan's exhausting third act monologues, for example, nothing was lost of the intensely searching orchestral texture, yet the voice of Alberto Remedios came over with a clarity unusual in this scene.

This was the first time the ENO's Siegfried had sung Tristan. Anyone who can give such a forcible and vocally coherent account of the third act clearly has much to offer to the role. Remedios barely approaches the almost unbearable intensity of Vickers at this point, but there is much to be said for such a reliable line. In the earlier acts Remedios suggested less the brooding knight than an ordinary decent fellow out of his emotional depth—the notes are there but some of the gnomic phrases are still not completely in the voice.

The Isolde of Linda Esther Gray, much and rightly admired in the WNO production, was a little less consistently good on this occasion. The size of the theatre had nothing to do with it—when required the voice rang out easily and splendidly, but there were cloudy notes in the lower register and a few husky moments suggesting something less than prime condition. Miss Gray recovered for a quietly radiant *Liebestod*. Here the girlish quality in her portrayal, which earlier had seemed not wrong but rather vaguely applied, surprisingly came into its own.

Neither the Tristan (Act 3 excepted) nor the Isolde made enough of their words. With Felicity Palmer's most interesting Brangäne, however, hardly a syllable was lost, and the *crème fraiche* edge to Miss Palmer's tone was extremely effective in the song from the watch-tower. Gwynne Howell's King Marke, beautifully sung, was a model of expressively clear diction. He was rewarded, as few Markes are, with hushed attention and became the success of the evening among the singers. Mr Howell had—and eagerly seized—the best chance of showing how the translation combines directness with unabashed retention of inversions and archaic turns of speech—little else can be said until more of the principals follow the King's example. Norman Bailey's Kurwenal (though he was said to have a cold) was as ruggedly sympathetic as one would expect. The Melots of Geoffrey Chard was unusually positive, the Shepherd of Stuart Kale and the off-stage Young Sailor of Adrian Martin were both good.

The production is plain to excess. One good feature of the Byam-Shaw and Blatchley *Ring*—the placing of characters near the front of the stage for important monologues or duologues, is successfully carried over. But this does not pay off in the love duet, where phrases awkward to sing in a recumbent position are partly robbed of the helpful haze of orchestral moonshine. The end of act one, with dancers tripping onto the ship, is awful, the hastily improvised defence of Kareol in Act 3 almost as bad. Faced with so much milk-and-water English mildness one guiltily longs for the usurpations of those continental directors whose ways are sometimes criticised on this page.

The sets are by Hayden Griffin, co-head of the SWO/ENO Design Course. The central feature is a formalised long-boat prow leading away from the audience and serving as main acting area. It just works for the first act (where most things are mean or ugly). In the castle garden the prow looks like a long, steep carriage drive until it is revealed as a giant tree-trunk. The third act is not bad until in that same feature garage doors open to admit Marke and retinue through a secret passage. The costumes by Carol Lawrence have a village crafts atmosphere. Away from the musical side nobody seems to have more than a vague idea of the status of Wagner's *Tristan*. This is certainly not the time for extravagance, but is extra support only to be won by licking wounds in public?

Competition for neon sculpture

A £6,000 competition to design a neon sculpture for the new Albany Arts and Community Centre in South London has been launched by the Greater London Arts Association. The sculpture will be sited over the entrance to the Centre, which houses the Albany Empire home of the Combination Theatre Company.

The competition, which is funded by the Arts Council of Great Britain, is being sponsored by Pearce Signs.

RAM names new principal

The Royal Academy of Music has appointed as its new principal Dr David Lumsden, present principal of the Royal Scottish Academy of Music and Drama in Glasgow.

Architecture

Prize buildings

by COLIN AMERY

August is awards time. The Royal Institute of British Architects gives architects prizes (in fact they are little plaques to stick on the buildings) each year for what are considered to be the best works of British architectural practices. I have always thought this was a rather rum procedure for two reasons. One, I couldn't see the point of one lot of British architects wandering round the country giving out prizes to another lot of British architects. Two, there seems to be such a range of buildings entered for the awards that sometimes architecture hardly comes into it.

The RIBA has changed things a bit this year. For the first time members of the various regional juries could be laymen and members of the public, people who actually use the buildings, were graciously allowed to make nominations for awards. I am always amazed by the way architects feel that they are the only people allowed to talk about buildings and make architectural judgments. Presumably architects read books and go to plays and are allowed to express their views —I wonder why this terrible gap has grown up between architects and "non-architects" —do you ever hear anyone talk about a "non-playwright"?

I don't know whether it is the result of the recession or the involvement of the lay public that is responsible but this year there are only two awards for the whole country. It may have something to do with the other new ruling that buildings must have been completed for at least two years before an award can be given and up to seven years can have elapsed. The paucity of award-winners suggests that a measure of disenchantment sets in when many new buildings have been in use for a few years.

The two award-winners are both buildings designed by Arup Associates, a practice that is always winning prizes. This year Sir Philip Dowson, who is the senior partner at Arup, was the recipient of the 1981 Royal Gold Medal for Architecture.

New buildings for St. John's College, Oxford and the Lloyds Underwriters Administrative Headquarters at Chatham are the two top winners for 1981.

The Sir Thomas White Building at St. John's is a large range of 156 rooms for students built to the North of the existing college premises backing on to Museum Road. The rooms are organised as an "L" shape around a lawn and they stand five floors high.

By any standards a building of this size is a big addition but particularly as it stands close to the older colleges and has quite an effect on the Oxford skyline. There is something very conservative about this building. First, it follows the college tradition of groups of undergraduate rooms opening off staircases and secondly the ground floor is given over to a cloister

Arups have respected the the collegiate type of architecture but they express it in a modern way. The rooms are arranged as pavilions between the staircase towers and so a regular rhythm of rooms/staircase/rooms/staircase is clearly visible and ordered. The most striking feature is the exposed skeleton of the concrete structure that stands slightly proud of the glass. This frame is white bush hammered concrete —a great contrast to the stone facings, York stone pavements and oak doors.

Inside, the rooms are beautifully simple and elegant. They have floors of maple wood, specially designed oak furniture and sliding trellis to mask the large areas of glass. Although there is something mechanistic about the concrete frame and its repetition, the whole is serene and successful.

St John's is lucky with its architects. Sir Edward Maufe's Dolphin Quad of 1948 and the polygonal range of rooms added by the Architects' Co-Partnership in 1960 are both good of their kind—and there are always the wonderful gardens.

The second award-winning building, also by Arup Associates, is an office on a splendid site at Chatham by the Medway. This is in a now-familiar Arup mode. Three storeys of offices surround courtyards and each floor is divided into smaller working units—the divisions marked by the breaking up of the roof into small pyramid-shaped sections.

The most agreeable thing about the Lloyds building is the way that the office world feels much more like the rooms of a new university or research establishment than like the everyday offices of insurance brokers. Underwriters should find that the work is done in a calm and reasonable manner and reticently.

There were 14 commended schemes of mixed quality. I was surprised that the new visitors centre at Castle Drogo, designed by Anthony Hollow for the National Trust in Devon, was included as a commended building. This shop and reception centre for visitors to Lutyens' famous house is so badly sited that it succeeds in ruining the great vista up through the garden. How this could have escaped the attention of the usually vigilant National Trust is a mystery.

To my mind the quality of the new building is of a very meretricious kind, completely out of sympathy with the surroundings. However the RIBA's jury wouldn't agree which proves the value of these awards—they are not just pats on the back from chums but sometimes controversial decisions.

The Sir Thomas White Building, St. John's College, Oxford

Arts news in brief . . .

The Glasgow Citizens' Company will present seven productions during their new season, with all tickets still at 90p.

The season opens on September with *A Waste of Time* by Robert David MacDonald, based on Proust's *A la Recherche du Temps Perdu*. It is directed and designed by Philip Prowse.

Hamlet opens on October 2, directed by Robert David MacDonald, using the complete text of the First Quarto. This is followed on November 6 by the Restoration Comedy *Marriage a la Mode* by John Dryden, directed by Giles Havergal.

Brecht's *Herr Puntila* opens on January 22, directed by Giles Havergal. The company then present a serial based on the complete works of Daniel Defoe. This serialisation, by Robert David MacDonald and directed by Philip Prowse, will be presented in three parts over eight weeks. Part 1 opens on February 12, part 2 on March 5 and part 3 on March 19.

★

The first major inational tour and Scottish premier of the award-winning play *The Dresser*, by Ronald Harwood, will start an 11-week journey on September 28 at the Alexandra Theatre, Birmingham.

Starring Joss Ackland, Kenneth Haigh and Doreen Mantle, the production will visit Leeds, Edinburgh, Liverpool, Newcastle, Eastbourne, Darlington and Nottingham as well as several other major venues.

The Dresser is being mounted at the Haymarket Theatre, Leicester, with a three and a half week run from September 2 prior to the start of the tour.

★

Music Nel Chiostro's production of Italo Calvino's new version of *Zaide*, scheduled to be presented at Riverside Studios, W.6, on September 24, 26 and 27, has been postponed until later this year.

The preparation of an English translation and cast commitments have led to delays in the British production.

★

Jerome K. Jerome's *Three Men in a Boat*, presented at last year's Edinburgh Festival, will open at the Mayfair Theatre from September 15 for a six-week season.

TENNIS BY JOHN BARRETT

Decline and rise of the volleyer

PENCHO SEGURA, that astute little tactical genius from Ecuador, was probably the most under-rated pro from the 1950s, except by the rest of the Jack Kramer circus, of which he was a part. Later, he became one of the game's shrewdest coaches and guided the young Jimmy Connors towards the heights.

When the big money started to flow into the game in the mid-1970s he once said to me that the sheer pressure of competition and reward would surely one day produce the ultimate tennis player. He would be the prefect athlete—about 6ft 5in tall, well-balance, with razor-sharp reflexted and completely ambidextrous so that he would be able to play with one hand or double-handed on both sides, and serve with either hand. He would, of course, be motivated by ambition as well as money and would have the killer instinct developed to the Nth degree.

Although Segura's superman has not yet materialised, there has been an evolution, if not a revolution, in the technique of hitting ground strokes—the bread-and-butter strokes of the game.

In the 20 years after the World War when three of the four major championships were still played on grass and Australia ruled the Davis Cup with 15 wins between 1950 and 1967, the volleyers predominated. California's Jack Kramer was the prototype aggressor, whose serve-volley technique and flat ground strokes were the pattern for the champions of those years to follow—men like Schroeder and Patty, Sedgman and Seixas (whose top spin forehand was considered unorthodox, then), Trabert and Olmedo, Hoad and Cooper, Fraser and McKinley, Emerson and Newcombe.

Many of these players were good enough to impose those same attacking techniques on the slow red clay of Europe. But the French championships also allowed expression for the artistic Europeans like Asboth, Drobny, Pietrangeli and Santana, as well as for America's Frank Parker and that peerless Australian, Ken Rosewall.

Towards the end of this era emerged another Australian, a left-handed genius who rewrote the ground rules.

Rod Laver's flashing racket explored the potential of constant top-spin as never before. It became a deliberate weapon, which could be used either in attack or in defence to defeat the inrushing volleyer.

There was greater margin for error: the ball could be taken earlier—sometimes almost as a half-volley—and the ball dipped awkwardly, making it difficult for an opponent to time his shots.

When open tennis arrived in 1968 and the game spread—particularly in Europe and South America where they played on clay—a new breed of player emerged. He was not like the former clay court players who had eliminated error by using slice to control the ball from the back of the court. He found that by hitting with heavy top-spin he gained the same degree of control, but could hit the ball harder, too. The days of the volleyer were numbered.

When the expanding indoor professional circuit, in an effort to prolong the rallies and increase the excitement, also adopted a slow carpet surface that provided a true bounce and firm foothold, the pure volleyer was dead.

Players like Borg and Vilas and their many imitators—both single-handed and double-handed—found that by using a Western forehand grip they could get top spin that was more vicious and was difficult to return even from the base line, as the ball reared up off a length.

But bad length shots, too, were difficult to attack, so that defence triumphed and patience won against frustrated attackers who eventually came in to volley and committed suicide.

Nor is the rash of successful double-handed women players an accident. The arrival of those astonishing young Americans, Austin and Jaeger, and now Horvath and Rinaldi, was inevitable, following the exploits of Chris Evert Lloyd.

What, then, of the future?

Although neither John McEnroe nor Hana Mandlikova is a Segura superman, they do both have a lot of his qualities through being superb athletes. They have shown what is possible with instinctive timing and a willingness to attack on an early ball.

CRICKET BY TREVOR BAILEY

Picking heroes is not always easy

MAN OF THE MATCH awards, together with the independent adjudicator, are a product of the Gillette Cup, the first commercial competition, and have become regular features of professional cricket in England. They are a useful adjunct to sponsorship on which the game depends so much, providing the sponsor with a bonus in the shape of extra coverage in the Press and other media for a comparatively small additional outlay.

Players have naturally always been in favour of Man of the Match awards, particularly in the early days of the Gillette Cup when there was an acute money shortage. They provided extra revenue for the team pool.

How it was divided varied from side to side. Most touring teams, for obvious reasons, usually put all money received —whether from team or individual prizes—into a communal kitty which is split at the end of the series.

The various Man of the Match awards are popular with the general public for, since the sponsor presents the cheque to the winning team at the end of the game, they provide the only possible surprise. If the adjudicator's choice is the same as that of the supporter, it reflects admirable taste. If not, it provides a fine source of argument on the way home.

It is always fun to disagree with an expert on what must always be a matter of personal opinion.

Picking the Man of the Match is usually a pleasant and comparatively easy job. A player, especially in limited overs cricket, who scores a hundred and takes four wickets is unlikely to have a serious rival, even if his team should lose. When two batsmen from different sides play major innings, all things being equal, my preference would normally be for the one whose side wins since that is the main objective of the game.

In the third Cornhill Test at Headingly, my BBC radio colleague, Fred Trueman, did not have to think too hard when England snatched their sensational victory. For Ian Botham provided an all-round performance which will seldom be bettered in international cricket —top scorer in both innings, at number 7 with a 50 and an undefeated 149; plus six wickets in the Australian first innings, one in the second and a superb catch.

It was, however, a very different story for me in the Fourth Cornhill Test at Edgebaston.

After lunch on the fourth day the battle was still perfectly poised. Both teams could win, with the odds favouring Australia.

There were no fewer than six genuine candidates for Man of the Match.

Assuming Australia won, there was the seam bowling of Alderman in both innings; the spin bowling of Bright in both innings plus a very useful knock as night watchman; then Border who could have become the only person to reach 50 and possibly also steer his team home in the process; then Marsh who gave a superb display behind the stumps, taking seven catches —of which three were exceptional—so that if he had also hit a winning 20 or so he was plainly a serious candidate.

For England, Emburey had bowled with distinction in both innings and his rearguard action with the bat had given his attack a chance. Brearley had made the highest individual score as well as captaining the side with great skill.

At this stage in the proceedings, I had not even considered Botham. But this truly remarkable match winner was given the ball and proceeded to capture five wickets in rapid succession to sink the Australians who—until then—appeared to be limping to victory without too much difficulty.

After England's win, my first inclination was still to pick Emburey who had enjoyed such a fine match with bat and ball, and was also that rarity—a spinner. But then I thought back to the many Tests I had seen and played in, and switched to Botham as Man of the Match, as well as Man of the Moment.

Admittedly, the Aussie batting was anaemic. But I still could not remember any bowler —and this was not a difficult pitch—taking five wickets for a single run to snatch victory from what looked certain defeat with a quite incredible spell which is unlikely to be repeated for a very, very long time.

UK COMPANY NEWS

Reg Vaughan takes an in depth look at the developing battle for control of Ofrex

The lure of a ready-made distribution network

WHEN Mr George Drexler, the 74-year-old chairman and founder of the Ofrex Group, set up his business back in 1936, providing carbons, ribbons and stencils for typewriters, he can hardly have foreseen the intense bidding match currently taking place for his office supplies and industrial products group 45 years later.

But the Ofrex of today is a very different animal. From a turnover in its first year of just £25,000, with seven people employed, it is now an international organisation, employing some 2,400 people with a turnover of over £45m. Yet the one, and probably most important, thing that has not changed are the aims, philosophy and ideals of Ofrex as laid down by its founder, who has become one of the legends of the office machinery supplies business.

Mr Drexler, a Czech-born economist, who once sold sausages by mail order, arrived in Britain in 1935 as a salesman for a Viennese office equipment firm. Though he had little money and even less English, he decided after only a year of knocking on office doors that he could do better on his own.

So he left his job and instead of the £600 due to him in lieu of notice he arranged to take six men from his employer's London staff. Thus with the aid of £3,000 capital from Mr Woolcombe-Boyce, a retired ICI director, Ofrex was born.

The company was effectively owned by these two men and a Mr Harold Lenham until 1963 when the group came to the London stock market. Its public debut was by way of an offer for sale by tender—the first issue of its kind arranged by the group's advisers, S. G. Warburg. From an issued capital of 2m shares, 500,000 were being offered for sale—the price was fixed at 26 shillings, valuing the company at £2.6m.

When the group went public it had profits of around £300,000. Ten years, and a number of acquisitions later, profits had reached £1.5m on sales of £19.9m. By the end of 1979 the £5m profit mark had been exceeded only to fall back to £2.5m a year later as the recession took its toll. A big improvement is expected in the current year.

The attractions of the group have never been more highlighted than in the past two weeks as bid and counter-bid for the company emerged in a fast-moving sequence.

Dennison Manufacturing, a Delaware-based manufacturer of stationery products which claims a close relationship with Ofrex, launched an agreed bid for the company on July 24 worth 130p per share and valuing the company at £25.8m.

From then on things really began to move as Gallaher, the U.S.-owned "Benson and Hedges," "Silk Cut" and "Old Holborn" tobacco group, quickly pitched its hat into the ring. Gallaher, which said it was poised to bid when Dennison stepped in, offering 160p per share.

This was immediately matched by Dennison which again secured the recommendation of the Ofrex board only to see its bid again topped by Gallaher, which in the course of Thursday and Friday last week lifted its offer twice—to 170p then to 175p—valuing the company at £35m.

When Dennison pre-emptively picked up 24.3 per cent of the Ofrex shares in the Stock Market at the beginning (it now has 27.7 per cent) it took a lead in the battle which Gallaher is going to find hard to overcome. Apart from these purchases Dennison has also secured commitments to its offer taking its holding up to 43.3 per cent.

But with Gallaher's higher offer on the table, and itself buying shares in the market, the ball is back in Dennison's court. The company has said that it is currently examining its position "with a view to considering revising its present offer." Dennison's next move is expected early this week.

Ofrex's greatest strength is that it is a marketing and distribution orientated group. The attraction of Ofrex to both Dennison and Gallaher is its distribution network with both companies keen to push their own products, particularly along the impressive UK network. As a result their valuation of the company is based on what it would cost to set up such facilities from the start. Apart from the time this would involve the answer comes out well above Ofrex's current cost net worth of £28.4m.

About 85 per cent of Ofrex's sales are represented by consumable items—those that have to be replaced quickly—and the rest consist of office machinery and a number of heavy duty items manufactured by Howard Wall. This important acquisition by Ofrex in 1977 took the group into three new areas of activity—metal working machinery, tape measures and seat belt buckles.

In 1980/81 the contribution to profits from industrial fastenings and strappings fell from 30 per cent to 22 per cent while that relating to office machines supplies and stationery and educational products rose by a similar percentage. Under the Ofrex label the company sells products to some 40,000 end users while, under the Rexel name, it sells similar products in different packaging to some 4,000 distributors.

Ofrex — which aims to make more money out of marketing than manufacturing — has some 70 per cent of the market for staples and stapling, with around 15 to 20 per cent of the industrial products market.

Of total sales in 1980/81 about 25 per cent were represented by exports quite a lot of which goes through a network of exclusive agents. The group has wholly owned subsidiaries in Canada and Australia which distribute Ofrex, Rexel and Fordigraph products, while in the US it markets Rexel products itself and sells Fordigraph through distributors.

The U.S. is taking longer than expected to build up enough volume to make profits. But here one of Ofrex's largest competitors is Swingline, a subsidiary of American Brands, the Gallaher parent, which has around 70 per cent of the U.S. stapler market.

When Ofrex came down in favour of Dennison, with the bidding level, it cited the risk of U.S. anti-trust action as one of the main reasons. This is disputed by Gallaher which says that leading counsel has advised there is no such risk.

Gallaher has made no secret of its desire to diversify further. It has already moved away from tobacco through the build up of a retail opticians chain (Dollond and Aitchison) and pumps and valves (through Mono). At December 31, 1980, some 25 per cent of profits came from non-tobacco interests.

Ofrex was one of a number of companies on a short list which it was looking at; and but for the rapid rise in the Ofrex share price which caused Dennison to show its hand Gallaher feels that it could have agreed terms with Ofrex first.

Gallaher says it has a "stiff criteria" for companies it wants to acquire. Ofrex met most of those conditions and had risen to the top of the list. It was impressed with the line management style of Ofrex which was similar to its own and regarded it as a "pretty good fit." Gallaher, which had referred to the "powerful" overseas presence of Ofrex, particularly wanted the company to spearhead a drive into the international office supplies market with an up-market emphasis into desktop technology and a greater manufacturing presence.

But with Dennison retaining the edge in this takeover battle Gallaher admits that Ofrex is "not the only pebble on the beach."

Dennison, one of the top five U.S. manufacturers of stationery products, with a New York stock market value of about £75m, had been holding "flirtatious conversations" with Ofrex for a very long time. But it only revealed its interest in Ofrex when the share price began to move so sharply—the shares rose by 36 per cent to the suspension price of 122p in about a week. The Stock Exchange is looking into this rise.

Dennison's products are used in homes, schools and offices. It produces and markets more than 10,000 products ranging from labels and writing instruments to sophisticated office record-keeping systems and magnetic media. Dennison basically deals with similar product lines to Ofrex but in different markets both geographically and in terms of customer. About 17 per cent of its 1980 turnover came from foreign subsidiaries. It has a subsidiary about one-third the size of Ofrex in France and is looking for a base to expand in Europe.

Dennison says that the complementary nature of the two companies' products and distributive methods "will give added opportunities for the expansion of sales in US and Europe."

As the final act begins in the battle for Ofrex, Gallaher is keeping more meetings with the Ofrex board, as is Dennison. So over to you Mr Drexler, as a slightly bemused Ofrex board sits back to take stock of events.

Culter Guard set to break-even

MR ROGER FLEMING, chairman of paper maker Culter Guard Bridge Holdings, said at the annual meeting that during the first three months of the financial year the company had operated at a level marginally about above break-even.

But he added: "I am afraid the position will be reversed again by heavy costs incurred at Guardbridge during August, when almost three weeks of production is lost during the annual summer holidays. I therefore expect to report a loss for the six months to end September, but to break even over the full year."

On June 4 the company reported pre-tax losses for the year to March 31 1981 of £1.86m compared with a profit of £607,000, on turnover of £23.59m against £24.85m.

In February this year the company's papermill at Culter was closed down after high trading losses. Mr Fleming said that the three largest paper machines had been sold to India and that overall the plant sold since the end of March would realise £520,000.

He added that he expects the subsidiary, Guard Bridge Paper Company, to make steady progress during the next 12 months, despite poor demand, high energy costs and high woodpulp costs due to the fall in the value of sterling against the U.S. dollar.

A resolution changing the name of this subsidiary to GB Papers was approved.

Westbrick's profits record criticised by C. H. Beazer

BY RAY MAUGHAN

Reinforcing its 75p per share cash terms in the £9.22m bid for Westbrick Products, C. H. Beazer, in a letter to Westbrick shareholders, attempts to explain the offer discount against net worth of 121.3p per share with an attack on the defence's profits record.

"You will not need me to remind you that your company's financial performance in recent years has been disappointing," Mr C. H. G. Beazer, the chairman, points out. "Nineteen eighty-one has been another bad year with profits before tax of only £404,000. Indeed that figure has been arrived at before extra ordinary write-offs relating to more factory closures and redundancies of £366,000, thus profits before tax and after extraordinary items amounted to £38,000 only."

The property development and construction group already holds 11.5 per cent of Westbrick, a facing brick and concrete manufacturer, as a result of a "dawn raid" in the middle of last month.

Wishing to point out the contrast with its own earnings record, Beazer is forecasting that its profits for the year ended June 31 have grown by 31.3 per cent to £3m, excluding the surplus arising on property disposals in both years.

The first deadline for acceptances is 3 pm on August 28. Westbrick's shares were standing at 83p at the end of last week.

● comment

There is no reason for Westbrick shareholders to rush to accept this offer. Beazer, it is true, has a vastly superior track record but it is putting cash, not equity, on the table so the terms must be a reflection of assets rather than its own prospective earnings power. New bids, as the Ofrex board must be only too well aware, can keep coming with unforeseen regularity and shareholders generally do themselves little good by scrambling to sell before their board can publish a reasoned defence. It is now up to Westbrick to spell out any reasons for closing the discount against net worth. Facing bricks are a quality, high margin product tolerably resilient in all but the most acute construction troughs and where, on a larger scale, Steetley has found useful, but hitherto unrecognised distribution gains on the acquisition of G H Downing. With 11.5 per cent of Westbrick in its pocket following the dawn raid, Beazer has a handy start, but the Westbrick share price is saying that the bid may have to go higher. Beazer has, after all, lost long-planned acquisitions to others before; the lesson was salutary.

BOARD MEETINGS

[illegible]

TODAY

Interims.—[illegible]

Finals.—[illegible]

FUTURE DATES

Interims.—

[illegible]	Aug 20
[illegible]	Aug 19
[illegible]	Aug 17
[illegible] Investment Trust	Aug 18
Law and [illegible]	Sept 14
[illegible]	Aug 20
[illegible]	Aug 28
[illegible]	Aug 20

Finals.—

[illegible]	Aug 28
[illegible]	Aug 20
[illegible] Trust	Aug 28
[illegible]	Aug 18

Fleet Street Letter for USM

THE FLEET STREET LETTER, the company that publishes an investment newsletter of the same name, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 660,000 shares, 22 per cent of those issued at 52p per share.

Mr Nigel Wray, chairman of the group, took over publication of "Foresight," a fortnightly investment newsletter in 1974. In 1976, he acquired the Fleet Street Letter, then a weekly, and merged it the following year with Foresight. Since then, the circulation of the Letter has grown from 1,000 to 13,000.

In September, 1979, another publication, Equity Research, was amalgamated with the Letter and the vendors of it, Mr Robert Tanner and Mr Peter Whitfield, were made directors.

The company also publishes a newsletter called Investment Opportunities and markets its mailing list.

Mr. Tanner and Mr Whitfield have been in business together since the inception of The Clubman's Club in 1962. After the flotation and subsequent sale of The Clubman's Club, they were responsible for the flotation and subsequent sale of Orme Developments.

Mr Wray is providing 510,000 shares in the placing and Mr Tanner and Mr Whitfield 75,000 each. Following the placing, Mr Wray will hold 33 per cent of the shares, and Mr Tanner and Mr Whitfield 22½ per cent each.

The company's profits before tax were £505 in the year ended on March 31, 1977, there was a £10,772 loss in 1978 and profits of £33,000, £111,000 and £301,000 in the three latest years. Turnover rose from £16,900 in 1977 to £671,000 in 1981. Income comes mainly from subscription but in the latest three years, advertising revenue has built up and was nearly 11 per cent of turnover last year.

No profit forecast is offered in respect of the current year but the directors expect the business will continue to prosper.

A dividend of £12 per share was paid on the 1,000 shares in issue at March 31, 1981 and the directors intend to pay a dividend of 2.5p per share this year.

The balance sheet at March 31, 1981 shows net tangible assets of £175,000, of which only £23,710 were fixed assets. The company has no borrowings.

The group's newsletters are printed by G. T. Wray, a company in which Mr Wray and his family have a 49 per cent interest but all transactions are said to be on an arm's length basis.

The placing is being made by brokers Fiske and Co.

● comment

The Fleet Street Letter has built up a substantial circulation by newsletter standards and is to some extent in a position to create its own momentum. The major concern of any investor in it must be that it is still basically a one-man operation. This is recognised in the £500,000 insurance policy taken out on Mr Wray's life. Some investors, too, may recall that Mr Tanner and Mr Whitfield upset many when they sold out of Clubmans' Club secretly. Subsequently, when Orme was floated, they agreed to hold their shares in the housebuilder for at least three years. No such agreement has been made with respect to their shares in the Fleet Street Letter. Since most revenue comes from annual subscriptions, this is one case where a profit forecast should not have been difficult to produce, even early in its financial year. At the placing price, the indicated yield is less than 7 per cent.

FT Share Information

The following securities have been added to the Share Information Service:

Bula Resources (Section: Oil and Gas), Gartons (Industrials), Memec (Electricals), Mexico Fund (Trusts, Finance, Land), Trident Computer Service (Industrials), Weeks Australia (Oil and Gas).

GOOD HALF FOR ROYAL

Good new life and pension results are reported by Royal Insurance for the first half of this year. Improved house mortgage sales resulted in new annual premiums rising 15 per cent from £11.6m to £13.4m, while the new school fees plan resulted in single premiums improving by one-third from £10.4m to £13.1m.

£000's capitalisation	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
1,114	ABI Hldg's 10pc CULS	112	+2	10.0	8.9	—	—
3,936	Airsprung	66	+2	4.7	6.9	10.8	14.9
1,125	Armitage & Rhodes	45	—	4.3	9.6	3.8	8.5
12,098	Bardon Hill	198	—	9.7	4.9	9.6	11.7
7,847	Deborah Services	102	—	5.5	5.4	5.0	9.6
3,862	Frank Horsell	103	+3	6.4	6.2	9.3	22.4
9,245	Frederick Parker	64	−1	1.7	2.7	27.8	—
1,181	George Blair	64	—	3.1	4.8	—	—
4,020	IPC	59	−6	7.3	7.4	7.1	10.8
2,758	Jackson Group	109	—	7.0	6.4	3.4	7.7
17,686	James Burrough	128	−1	8.7	6.8	9.3	11.7
3,142	Robert Jenkins	308	+4	31.3	10.2	4.3	10.9
2,940	Scruttons "A"	59	+1	5.3	9.0	9.1	8.4
2,938	Torday	191	—	15.1	7.9	7.3	12.6
2,992	Twinlock Ord.	14	−½	—	—	—	—
2,075	Twinlock 15% ULS	78	+1	15.0	19.7	—	—
5,569	Unilock Holdings	36½xd	−1½	3.0	8.2	6.5	11.1
12,147	Walter Alexander	96	−2	5.7	5.9	5.3	8.6
5,648	W. S. Yeates	242	−2	13.1	5.4	4.6	9.3

SPAIN

1981 High	1981 Low		Aug 7 Price %
352	251	Banco Bilbao	352
382	280	Banco Central	377
400	229	Bnco Exterior	400
325	238	Banco Hispano	322
128	120	Banco Ind. Ct.	121
411	284	Banco Santander	404
228	148	Banco Urquijo	226
379	263	Banco Vizcya	372
252	204	Banco Zargoza	244
216	82	Dragados	216
86	45	Espanola Zinc	60
71.5	55.5	Fecsa	71
64	22	Gl. Preciados	50.5
79.5	63.5	Hidrola	78.2
62.5	52	Iberduero	57.7
128	70	Petroleos	128
96	70	Petroliber	85
102	59	Sogefisa	59
78.7	60	Telefonica	78
77.7	60	Union Elect.	75

THE FERRY PRICE WAR

A depression over the Channel

By Andrew Fisher, Shipping Correspondent

AUGUST IS the month that means holidays to many people, but there are few signs of summer lightheartedness among the financially embattled cross-Channel ferry operators.

Laid low last year by a disastrous price war and the effects of the French fishermen's blockade, they are desperately hoping that the recession year of 1981 will at least be no worse. Ferry operators are taking some comfort from the surge of late bookings in the last couple of weeks, now that the holiday season is fully under way.

But they all admit that prices across the Channel are still way below economic levels, even though they are on average up on last year by 10 to 15 per cent for peak periods. "It's the roughest time I've been through," said Mr Ian Churcher, head of P & O Ferries, looking back on the past year.

He reckoned that both passenger and freight rates on the ferries were between 20 and 25 per cent too low for financial comfort. "Fares are not keeping pace with inflation. As soon as that happens, it becomes dangerous. Each route has to pay its own way."

The general view among those in the industry is that no one is really making any money at all. Mr Keith Wickenden, the Tory MP who is chairman of European Ferries—which wants to take over Sealink UK from British Rail—sounded a strong warning about ferry prices earlier this summer.

He said they were "dangerously low" and pointed an accusing finger at the nationalised operators, Sealink UK and its hovercraft counterpart in the BR stable, Seaspeed. "The position is very dangerous at the moment and I'm very unhappy about it," he commented at the annual meeting.

Shipping profits of European Ferries fell sharply last year, while those on the banking and property side were much higher. Since the meeting, Mr Wickenden has been unwilling to talk about the cross-Channel market, possibly in view of the investigation of the proposed bid for Sealink by the Monopolies and Mergers Commission, due to report in November.

The Commission has already ruled in favour of the merger between Hoverlloyd, owned by Brostroms of Sweden, and Seaspeed, both of which lost money laset year. It argued that without such an amalgamation, there would very likely be no hovercraft service at all soon, since Brostroms had been trying to sell Hoverlloyd, after a rapid profits decline in advance of the 1980 loss. Seaspeed has been in the red for several years.

Returning the merged company, to be called Hoverspeed, to profit will clearly take strenuous efforts. Hovercraft, though faster than ships, use prodigious amounts of fuel as they skim across the water. Thus for the benefits of faster travel—Hoverlloyd takes 40 minutes from Ramsgate to Calais and Seaspeed rather less from Dover—people have to pay up to a tenth more than on a normal ferry. Seapseed charges £30 from Dover to Calais for a car plus £12 for each adult on its main tariff.

During last year's price war, both companies suffered grievously. Between 1972 and 1979, the number of accompanied vehicles carried by hovercraft shot up by 97 per cent against 24 per cent for ferries on the Anglo-French short-sea and Anglo-Belgian routes. But 1980 saw a drop of some 17 per cent compared with a rise, albeit at mostly unprofitable rates, of 16 per cent for all the ferry operators.

With prices still highly competitive this year, the evidence in the early months was that business was still not too encouraging.

If the price war across the Dover Straits—long called the world's most expensive stretch of sea—proved so debilitating for the companies, how did it comes to start in the first place? Back in 1974, the Monopolies Commission said it did not like the way in which the major operators charged common fares.

But Sealink and Townsend Thoresen (owned by European Ferries) went on co-operating and had a pooling operation so that people could use either company's tickets on all their vessels. In an all-out bid to open up the cross-Channel market and make use of expanding capacity, the two companies dropped the handy pooling arrangement. Sealink has made known its desire to be "never knowingly undersold" across the Channel, a comment it may well now prefer to forget.

For as Mr David Kirby, managing director of Sealink, said recently: "I'm sure all operators need prices to go up—the question is how far." Putting up prices when circumstances allow is going to be tricky, he conceded. "Everyone will be looking over their shoulder to see who goes first."

Like Townsend Thoresen and P & O, Sealink is not just dependent on traffic to and from France. But this makes up around a fifth of its turnover and the market was described by Mr Kirby as "a sort of cockpit where everyone fights." It is hardly surprising that the contest seems less spirited this year after last year's traumas. Adding to the depression is the fact that freight business, as important as the passenger side, is significantly down.

"Last year," said Mr Kirby ruefully, "was a lousy year for most people. This year is not a good year either." But he noted signs of a slight upturn in recent weeks on freight volume—this accounts for about half its revenues—and hoped that summer business on the passenger side would ease some of the gloom. On some estimates, up to a third of those crossing the Channel hold back until the last moment.

Eager to take advantage of the expanding market and pitching prices as low as possible is Sally The Viking Line, part of Rederi A/B Sally of Finland. Sally began sailing out of Ramsgate to Dunkirk in June with one ship twice a day. With one-way fares of £8 for adults, children under 12 travelling free, and a flat charge of £24 for any length of car (£34 on Fridays and Saturdays), Sally's fares are as cheap as they come.

Another newcomer on the Channel is the jetfoil service from Dover to Ostend, travelling at 50 mph and cutting the usual time in half. Operated by Sealink's Belgian partner, RTM, it uses two £6m Boeing jetfoils, charging £5 more than the usual ferry crossing. However P & O and Seajet dropped their jetfoil services across the Channel last year as a result of rising costs and lower than expected demand.

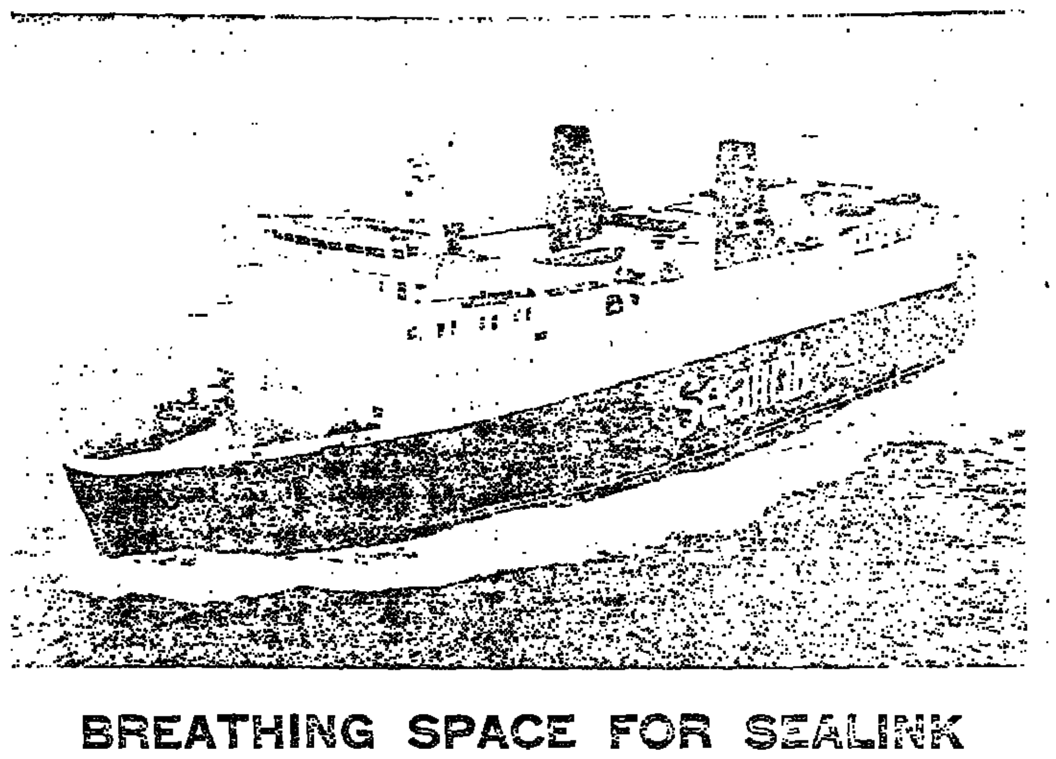
Whatever the craft, all operators agree that fares must rise next year to restore some financial sense to the market and allow further investment. Sealink UK needs to invest around £20m a year to keep its fleet up-to-date, while European Ferries has been building up its capacity. Some of the present generation of hovercraft also need upgrading.

THE SHORT-SEA CHANNEL MARKET

ACCOMPANIED VEHICLE TRAFFIC

	1979 vehicles	1979 market share %	1980 vehicles	1980 market share %
Sealink				
—Anglo-French short-sea	332,000	21.7	301,000	18.2
—Anglo-Belgian	295,000	19.3	283,000	17.2
Combined	627,000	41	584,000	35.4
European Ferries				
—Anglo-French short-sea	n/a	n/a	397,000	24
—Anglo-Belgian	n/a	n/a	279,000	16.9
Combined	457,000	29.9	676,000	40.9
P & O (Anglo-French)	60,000	3.9	70,000	4.2
Hoverlloyd*	213,000	13.9	170,000	10.3
Seaspeed*	173,000	11.3	152,000	9.2
Total trips	1,530,000	100	1,652,000	100

* Merging into Hoverspeed in October.
Destinations: France (Calais, Boulogne, Dunkirk); Belgium (Ostend, Zeebrugge)
Source: Monopolies and Mergers Commission



BREATHING SPACE FOR SEALINK

ONE OF the most intriguing aspects of the fraught cross-Channel ferry business is the likely future of Sealink UK, the ferry arm of British Railways.

The thrusting European Ferries group, which has sizeable banking and property interests as well as owning the Townsend Thoresen ferry company, signalled its intention of making a bid for Sealink some time ago.

Sealink, however, does not take kindly to the notion of being swallowed up in this way. And it has just gained a further breathing space with the news that the Monopolies Commission would not complete its report on the proposed offer until November. The initial target date was last Tuesday.

Going fully- or partly-private, however—in line with the Government's policy of denationalising where it can—is something which Sealink accepts. But with a loss of £3.8m last year and fairly tough conditions persisting in 1981, private capital is unlikely to be found easily.

Another alternative, strongly canvassed by P & O, is the piecemeal privatisation of Sealink. Needless to say, Sealink is not happy about this suggestion. "It is a philosophy I reject utterly," said Mr Kirby, the managing director. "The break-up of the company is unacceptable."

The Parliamentary Bill allowing BR to introduce outside capital into the ferry company (and other activities) gained the Royal Assent last week. "Providing private sector capital comes in in an orderly and acceptable fashion, so be it," Mr Kirby commented. "We're against breaking the company up and selling it in little bits."

P & O reckons that the absorption of Sealink into European Ferries would create a "classic monopoly." Instead, the major UK shipping group believes that companies not involved in Sealink's present routes should be asked to put in offers for its various services.

Conceivably, P & O itself could be interested in one or more of these routes. On the Channel run, Sealink sails to Calais, Boulogne, Dunkirk, Dieppe and Cherbourg in France, Ostend in Belgium and the Hook of Holland.

Last year, Sealink UK was hit by the recession, the French fishermen's blockade, and stiff price competition. Also pushing it into the red after 1979's pre-tax profit of £4.7m were pre-delivery interest payments of £3.5m on four ships from Harland and Wolff that were late in completion.

Thus the company is a long way from the 5 per cent real rate of return set by the Government for 1982. Like other major operators, though, Sealink's Mr Kirby feels there is still a big untapped market for Channel ferries. "But it's not going to be a brilliant year," he warned, speaking even before the calling of a rail strike for end-August.

Letters to the Editor

Enterprise zones

From Mr R. Evans.

Sir,—Your recent correspondence about enterprise zones (July 29 and August 5) has completely missed the point. The complaint is that the EZ legislation is unfair, and will not create net additional employment.

The prime object of EZ designation, however, is to secure the rapid redevelopment of areas of industrial dereliction. The EZ legislation is not a job-creation measure: responsibility for its implementation lies with the Department of the Environment, not with the Department of Industry, nor with the Employment Minister. Enterprise zones do not form part of regional policy, or economic policy: their aim is to mobilise private enterprise resources in a drive to retrieve areas from physical dereliction.

Firms are offered certain limited advantages if they will contribute to that process, and help to achieve that community objective. What is wrong with that?

It is true that EZs favour expanding firms, firms committed to new development, and offer great attractions to firms on the move. It is true that the emergence of new EZ property is likely to result in the earlier demise of older property elsewhere, resulting in an improvement of the overall building stock. It is true that the level of new construction will be higher than average in an Enterprise Zone. And it is true that Enterprise Zones will concentrate local development pressures, producing an area where progress is visible, and where the momentum of development will be easier to maintain.

But what is wrong with all that? That is just what is needed in such parts of our older cities.

Roger Warren Evans,
Enterprise Zone Office,
Swansea City Council, The
Guildhall, Swansea.

Gas-gathering delays

From The Manager,
European Sales,
C. F. Braun International

Sir,—I read with interest the report (August 5) entitled "Delay in the £2.7bn gas-gathering project attacked by TUC."

Over the years I have read and heard many statements made by or credited to Mr Len Murray, the TUC general secretary. I never cease to be amazed at the credibility which is always attached to these statements, possibly due to the authoritarian way in which they are published. Possibly the criticism of the Government's handling of the gas gathering project credited to Mr Murray may have some justification but to make a contrast with the Norwegian Government on its proposed pipeline system can only be regarded as propaganda for those who do not know or are unlikely to know. Having visited Norway very recently in connection with the potential prospects, one realised quickly that discussions by the Norwegian politicians on what they were going to do with their North Sea gas are going to take a long time.

It is true that the decision has been taken in principle that the gas will be brought into Karmoy and that they will most likely go ahead with natural gas liquids units. This however only represents one-third of the total development envisaged. As far as the remaining two-thirds are concerned, it is believed in Norway that it is unlikely any decision will be taken until the end of next year.

Possibly had Mr Murray acquainted himself with some of these facts he may have tempered his comments as reported in your article.

H. R. H. McCulloch.
C. F. Braun International.
Parnell House, First Floor,
19-28 Wilton Road, SW1.

Faraday's effect?

From Mr R. Ward.

Sir,—Central Electricity Generating Board transmission engineers looking for the cause of last Wednesday's mammoth power failure may have better success if they remember the Faraday Effect.

Faradays, as most schoolboys know, measure capacity, or, last week perhaps, the lack of it. For with the electricity supply industry anxious to commemorate the centenary of public lighting by electrical power (which happened in Godalming, Surrey, in September 1881) it appears to lack the capacity to mark the rather more significant anniversary of Michael Faraday's original experiment from which he first produced the stuff—exactly 50 years earlier in August 1831.

Clearly slighted by this oversight by the industry, while officials were in the middle of celebrating the earlier switch-on he reminded us of his real pioneering work with a providential switch-off! Transmission engineers need look no further than the Encyclopaedia Britannica!

It does seem a shame, however, that the great tide of goodwill that the Royal Wedding generated for Britain around the world couldn't have been extended to celebrate the work of one Englishman who discovered the power that made our participation possible and whose 150th anniversary is now due. At least we did it better in 1931.

R. D. Ward.
209, Marshalswick Lane,
St. Albans, Herts.

In plain English

From Mr J. Hart

Sir,—Having just read Mr F. Acker's letter concerning "BAnglish" (July 31) I boarded a British Caledonian flight from Paris to London determined to listen carefully for traces of B-Calese. Not a chance. When passing through some particularly turbulent air a hostess announced with refreshing simplicity "I'm sorry we will have to stop serving you until we get past these bumps."

Mr J. Hart
Boulevard Heusmann 73
75008 Paris.

The horrors of air travel

From Mr G. Ledingham.

Sir,—One of the main charms of the Goon Show was its ability to take an illogical proposition and develop it logically. This, I fear, is what both Mr Acker (July 31) and Mr Nettleton (August 5) are doing in the case of British Airways.

Regular air travellers will agree that there are few forms of everyday human debasement to compare with air travel, terminal to terminal; and that the process of psychological subjugation begins long before the aircraft is reached.

The actual words used by the cabin custodians are only part of a continuing process; the pinch of salt added to wounds which are already open and bleeding.

G. M. Ledingham.
Hotley Rough, Prestwood,
Great Missenden, Bucks.

The definitive article?

From Mr R. Whiting

Sir,—Miss Rachel Wood (August 4) is right to upbraid Mr F. Acker for his carelessness; there are indeed more than 12 variations of the German definite article across the three genders and down the four inflexions of the plural in all genders. But Miss Wood is wrong to claim 16 forms; as far as forms go, six suffice for all manifestations—*der, die, das, den, des, dem.*

Robert Whiting.
Brook Cottage,
Bishops Green,
Newbury, Berks.

Inequitable market

From Mr M. Simons

Sir,—The growing practice whereby the future of large and small industrial, insurance and other companies is decided without reference to the owners, managers and employees, in the time it takes to eat a bowl of Rice Crispies is deplorable. It makes a farce of the concept of an equitable market and of the need to have reasonable discussions between the parties. It leads to unjustified speculation and provides opportunities for leaks.

Those of us who are members of institutional pension funds should make it plain to our trustees that performance will be judged by longer term results and not by making a short term buck (see your leader of August 7). Those who deal with brokers who engage in surprise raids the very purpose of which is to disadvantage shareholders not in the know — usually the small people and the widows — should take their custom elsewhere.

Martin E. Simons.
24, Granard Ave., SW15.

Industrial gas tariffs

From the Chairman and Managing Director, Yorkshire Engineering Supplies

Sir,—From correspondence I have had with the Chancellor of the Exchequer and the Parliamentary Under-Secretary of State, the Department of Energy, it appears that either the Chancellor of the Exchequer, the Department of Energy, or both, deliberately misled the House of Commons and therefore the Nation when the Chancellor made his Budget speech on March 10 and further, that manufacturing industry is once again suffering at the monopolistic hands of British Gas Corporation.

The following are extracts from this exchange of letters. A letter dated May 11 from Norman Lamont, the Department of Energy reads as follows: "Regarding the measures announced in the Chancellor's Budget statement, British Gas intend to hold the contract renewal price in respect of firm gas supplies at the February/March level until December 1, 1981. Moreover, the quarterly increasement of 1p per therm are not being applied during this period."

An extract from the Department of Energy Press notice dated March 10, 1981, from page 1, paragraph 4: "Gas. British Gas Corporation will hold the prices at which they renew industrial contracts at present levels until December 1981."

Department of Energy Press notice dated March 10, 1981, page 2, paragraph 2: "Under the new measures—Renewal prices for all gas purchased on contract by industrial customers will be held at their present levels until December 1, 1981. "The existing provision of the price escalation of 1p per therm per quarter in firm gas contracts (i.e. gas supplied on a continuous basis) will not be applied in the period to December 1 1981."

All the above state categorically that whatever price industry was paying for firm gas in February and March would be held until December 1 1981. British Gas Corporation, however, is requiring a 16½ per cent increase in tariff prices on contracts renewable on April 1 1981.

The Department of Energy in a later letter dated July 8 1981 now contradicts its earlier statement and Press releases by saying that this meant that renewals in December 1980 were running at about 29.8 per therm and that British Gas was, therefore, entitled to increase industrial tariff prices to this level irrespective of the price at which it contracted to supply it to March 31, 1981.

I submit that a contract is a contract and that the Chancellor's statement to the House, as supported by the Press release means in plain language that the price being paid by industrial consumers in February and March 1981 should be held to December 1 1981 and the loophole to increase by as much as 16½ per cent is dishonest to a degree.

While writing, it should be pointed out that industrial gas contracts were introduced many years ago when the gas industry was seeking to attract industrial (as opposed to domestic) customers; they offered preferential tariff rates in return for contracted usage between minimum and maximum levels, which, if breached, carried heavy financial penalties. The gas contracts are now so one-sided that industrial tariffs are, for the majority of users, considerably higher than domestic tariff rate, yet the maximum and minimum usage penalty clauses still apply and British Gas Corporation seeks to charge interest on accounts not paid within 28 days of the end of the month in which the gas was consumed, which, of course, domestic consumers do not have to bear.

Average industrial gas tariff prices according to the 1980 accounts were 14.1p per therm overall. The figures for 1981 are not yet available, but it is conceivable that the average contract renewal price is now as stated by the Department of Energy in its last letter (dated July 8) an average of 29.3p per therm, just over double?

How can industry survive?

Brian R. Higgins,
Yorkshire Engineering Supplies,
Upper Wortley Road, Leeds.

Today's Events

GENERAL

Overseas: United Nations conference on new and renewable energy resources opens in Nairobi.

Mr Luis Herrara Campins, President of Venezuela, begins four-day visit to Brasilia.

Mr Zhao Ziyang, Prime Minister of China, concludes visit to Malaysia, travels to Singapore.

UK: International Gifts Fair, Olympia (until August 13).

British Furniture Manufacturers Exhibition, Belle Vue, Manchester (until August 12).

OFFICIAL STATISTICS

Department of Trade publishes figures for hire purchase and other instalment credit business for June; and final June figures for retail sales. Department of Industry publishes July provisional wholesale price index numbers.

COMPANY MEETINGS

See the Week's Financial Diary on page 21.

COMPANY RESULTS

Final dividends: Brady Industries. Murray Caledonian Investment Trust. Property Security Investment Trust. Interim dividends: Habit Precision Engineering. Manchester Ship Canal. Transport Development Group. Interim figures: Murray Western Investment Trust.

CITY OF LONDON LUNCH-TIME MUSIC

Piano recital by Mark Troop, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Organ recital by Jonathan Rennert, St. Michael's Cornhill, 1.00 pm.

Concert by Pisa Opera Group, St. Martin-within-Ludgate, 1.15 pm.

UK COMPANY NEWS

Reg Vaughan takes an in depth look at the developing battle for control of Ofrex

The lure of a ready-made distribution network

WHEN Mr George Drexler, the 74-year-old chairman and founder of the Ofrex Group, set up his business back in 1936, providing carbons, ribbons and stencils for stypewriters, he can hardly have foreseen the intense bidding match currently taking place for his office supplies and industrial products group 45 years later.

But the Ofrex of today is a very different animal. From a turnover in its first year of just £25,000, with seven people employed, it is now an international organisation, employing some 2,400 people with a turnover of over £45m. Yet the one, and probably most important, thing that has not changed are the aims, philosophy and ideals of Ofrex as laid down by its founder, who has become one of the legends of the office machinery supplies business.

Mr Drexler, a Czech-born economist, who once sold sausages by mail order, arrived in Britain in 1935 as a salesman for a Viennese office equipment firm. Though he had little money and even less English, he decided after only a year of knocking on office doors that he could do better on his own.

So he left his job and instead of the £600 due to him in lieu of notice he arranged to take six men from his employer's London staff. Thus with the aid of £3,000 capital from Mr Woolcombe-Boyce, a retired ICI director, Ofrex was born.

The company was effectively owned by these two men and a Mr Harold Lenham until 1963 when the group came to the London stock market. Its public debut was by way of an offer for sale by tender—the first issue of its kind arranged by the group's advisers, S. G. Warburg. From an issued capital of 2m shares, 500,000 were being offered for sale—the price was fixed at 26 shillings, valuing the company at £2.6m.

When the group went public it had profits of around £300,000. Ten years, and a number of acquisitions later, profits had reached £1.5m on sales of £12.9m. By the end of 1979 the £5m profit mark had been exceeded only to fall back to £2.5m a year later as the recession took its toll. A big improvement is expected in the current year.

The attractions of the group have never been more highlighted than in the past two weeks as bid and counter-bid for the company emerged in a fast-moving sequence.

Dennison Manufacturing, a Delaware-based manufacturer of stationery products which claims a close relationship with Ofrex, launched an agreed bid for the company on July 24 worth 130p per share and valuing the company at £25.8m.

From then on things really began to move as Gallaher, the U.S.-owned "Benson and Hedges," "Silk Cut" and "Old Holborn" tobacco group, quickly pitched its hat into the ring. Gallaher, which said it was poised to bid when Dennison stepped in, offering 160p per share.

This was immediately matched by Dennison which again secured the recommendation of the Ofrex board only to see its bid again topped by Gallaher, which in the course of Thursday and Friday last week lifted its offer twice—to 170p then to 175p—valuing the company at £35m.

When Dennison pre-emptively picked up 24.3 per cent of the Ofrex shares in the Stock Market at the beginning (it now has 27.7 per cent) it took a lead in the battle which Gallaher is going to find hard to overcome. Apart from these purchases Dennison has also secured commitments to its offer taking its holding up to 43.3 per cent.

But with Gallaher's higher offer on the table, and itself buying shares in the market, the ball is back in Dennison's court. The company has said that it is currently examining its position "with a view to considering revising its present offer." Dennison's next move is expected early this week.

Ofrex's greatest strength is that it is a marketing and distribution orientated group. The attraction of Ofrex to both Dennison and Gallaher is its distribution network with both companies keen to push their own products, particularly along the impressive UK network. As a result their valuation of the company is based on what it would cost to set up such facilities fro mthe start. Apart from the time this would involve the answer comes out well above Ofrex's current cost net worth of £28.4m.

About 85 per cent of Ofrex's sales are represented by consumable items—those that have to be replaced quickly—and the rest consist of office machinery and a number of heavy duty items manufactured by Howard Wall. This important acquisition by Ofrex in 1977 took the group into three new areas of activity—metal working machinery, tape measures and seat belt buckles.

In 1980/81 the ontribution to profits from industrial fastenings and strappings fell from 30 per cent to 22 per cent while that relating to office machines supplies and stationery and educational products rose by a similar percentage. Under the Ofrex label the company sells products to some 40,000 end users while, under the Rexel name, it sells similar products in different packaging to some 4,000 distributors.

Ofrex — which aims to make more money out of marketing than manufacturing — has some 70 per cent of the market for staples and stapling, with around 15 to 20 per cent of the industrial products market.

Of total sales in 1980/81 about 25 per cent were represented by exports quite a lot of which goes through a network of exclusive agents. The group has wholly owned subsidiaries in Canada and Australia which distribute Ofrex, Rexel and Fordigraph products, while in the U.S. it markets Rexel products itself and sells Fordigraph through distributors.

The U.S. is taking longer than expected to build up enough volume to make profits. But here one of Ofrex's largest competitors is Swingline, a subsidiary of American Brands, the Gallaher parent, which has around 70 per cent of the U.S. stapler market.

When Ofrex came down in favour of Dennison, with the bidding level, it cited the risk of U.S. anti-trust action as one of the main reasons. This is disputed by Gallaher which says that leading counsel has advised there is no such risk.

Gallaher has made no secret of its desire to diversify further. It has already moved away from tobacco through the build up of a retail opticians chain (Dollond and Aitchison) and pumps and valves (through Mono). At December 31, 1980, some 25 per cent of profits came from non-tobacco interests.

Ofrex was one of a number of companies on a short list which it was looking at; and but for the rapid rise in the Ofrex share price which caused Dennison to show its hand Gallaher feels that it could have agreed terms with Ofrex first.

Gallaher says it has a "stiff criteria" for companies it wants to acquire. Ofrex met most of those conditions and had risen to the top of the list. It was impressed with the line management style of Ofrex which was similar to its own and regarded it as a "pretty good fit." Gallaher, which had referred to the "powerful" overseas presence of Ofrex, particularly wanted the company to spearhead a drive into the international office supplies market with an up-market emphasis into desk-top technology and a greater manufacturing presence.

But with Dennison retaining the edge in this takeover battle Gallaher admits that Ofrex is "not the only pebble on the beach."

Dennison, one of the top five U.S. manufacturers of stationery products, with a New York stock market value of about £75m, had been holding "flirtatious conversations" with Ofrex for a very long time. But it only revealed its interest in Ofrex when the share price began to move so sharply—the shares rose by 36 per cent to the suspension price of 122p in about a week. The Stock Exchange is looking into this rise.

Dennison's products are used in homes, schools and offices. It produces and markets more than 10,000 products ranging from labels and writing instruments to sophisticated office record-keeping systems and magnetic media. Dennison basically deals with similar product lines to Ofrex but in different markets both geographically and in terms of customer. About 17 per cent of its 1980 turnover came from foreign subsidiaries. It has a subsidiary about one-third the size of Ofrex in France and is looking for a base to expand in Europe.

Dennison says that the complementary nature of the two companies' products and distributive methods "will give added opportunities for the expansion of sales in UK and Europe."

As the final act begins in the battle for Ofrex, Gallaher is seeking more meetings with the Ofrex board, as is Dennison. So over to you Mr Drexler, as a slightly bemused Ofrex board sits back to take stock of events.

Culter Guard set to break-even

MR ROGER FLEMING, chairman of paper maker **Culter Guard Bridge Holdings**, said at the annual meeting that during the first three months of the financial year the company had operated at a level marginally about above break-even.

But he added: "I am afraid the position will be reversed again by heavy costs incurred at Guardbridge during August, when almost three weeks of production is lost during the annual summer holidays. I therefore expect to report a loss for the six months to end September, but to break even over the full year."

On June 4 the company reported pre-tax losses for the year to March 31 1981 of £1.36m compared with a profit of £337,000, on turnover of £23.59m against £24.85m.

In February this year the company's papermill at Culter was closed down after high trading losses. Mr Fleming said that the three largest paper machines had been sold to India and that overall the plant sold since the end of March would realise £520,000.

He added that he expects the subsidiary, Guard Bridge Paper Company, to make steady progress during the next 12 months, despite poor demand, high energy costs and high woodpulp costs due to the fall in the value of sterling against the U.S. dollar.

A resolution changing the name of this subsidiary to GB Papers was approved

Westbrick's profits record criticised by C. H. Beazer

BY RAY MAUGHAN

Reinforcing its 75p per share cash terms in the £3.22m bid for **Westbrick Products, C. H. Beazer,** in a letter to Westbrick shareholders, attempts to explain the offer discount against net worth of 121.3p per share with an attack on the defence's profits record.

"You will not need me to remind you that your company's financial performance in recent years has been disappointing," Mr C. H. G. Beazer, the chairman, points out. "Nineteen eighty-one has been another bad year with profits before tax of only £404,000. Indeed that figure has been arrived at before extra ordinary write-offs relating to more factory closures and redundancies of £366,000, thus profits before tax and after extraordinary items amounted to £38,000 only."

The property development and construction group already holds 11.5 per cent of Westbrick, a facing brick an dconcrete manufacturer, as a result of a "dawn raid" in the middle of last month.

Wishing to point out the contrast with its own earnings record, Beazer is forecasting that its profits for the year ended June 31 have grown by 31.3 per cent to £3m, excluding the surplus arising on property disposals in both years.

The first deadline for acceptances is 3 pm on August 28. Westbrick's shares were standing at 83p at the end of last week.

● comment

There is no reason for Westbrick shareholders to rush to accept this offer. Beazer, it is true, has a vastly superior track record but it is putting cash, not equity, on the table so the terms must be a reflection of assets rather than its own prospective earnings power. New bids, as the Ofrex board must be only too well aware, can keep coming with unforeseen regularity and shareholders generally do themselves little good by scrambling to sell before their board can publish a reasoned defence. It is now up to Westbrick to spell out any reasons for closing the discount against net worth. Facing bricks are a quality, high margin product tolerably resilient in all but the most acute construction troughs and where, on a larger scale, Steetley has found useful, but hitherto unrecognised distribution gains on the acquisition of G. H. Downing. With 11.5 per cent of Westbrick in its pocket following the dawn raid, Beazer has a handy start, but the Westbrick share price is saying that the bid may have to go higher. Beazer has, after all, lost long-planned acquisitions to others before; the lesson was salutory.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indicators are not avilable as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Habit Precision Engineering, Manchester Ship Canal, Murray Caledonian Investment Trust, Transport Development.

Finals:—Brady Industries, Ex-Lands, G. T. Asia (Sterling) Fund, Property Security Investment Trust.

FUTURE DATES

Interims:—

Alliance Trust	Aug 28
Automotive Products	Aug 13
Braime (T. F. and J. H.)	Aug 17
International Investment Trust	Aug 18
Low and Bonar	Sept 14
Stenhouse	Aug 20
Wagon Finance	Aug 28
Woodhouse and Rixson	Aug 20

Finals:—

Abercom	Aug 18
Newmark (L.)	Aug 20
Second Alliance Trust	Aug 28
Wholesale Fittings	Aug 18

Fleet Street Letter for USM

THE FLEET STREET LETTER, the company that publishes an investment newsletter of the same name, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 660,000 shares, 22 per cent of those issued at 52p per share.

Mr Nigel Wray, chairman of the group, took over publication of "Foresight," a fortnightly investment newsletter in 1974. In 1976, he acquired the Fleet Street Letter, then a weekly, and merged it the following year with Foresight. Since then, the circulation of the Letter has grown from 1,000 to 13,000.

In September, 1979, another publication, Equity Research, was amalgamated with the Letter and the vendors of it, Mr Robert Tanner and Mr Peter Whitfield, were made directors.

The company also publishes a newsletter called Investment Opportunities and markets its mailing list.

Mr. Tanner and Mr Whitfield have been in business together since the inception of The Clubman's Club in 1962. After the flotation and subsequent sale of The Clubman's Club, they were responsible for the flotation and subsequent sale of Orme Developments.

Mr Wray is providing 510,000 shares in the placing and Mr Tanner and Mr Whitfield 75,000 each. Following the placing, Mr Wray will hold 33 per cent of the shares, and Mr Tanner and Mr Whitfield 22½ per cent each.

The company's profits before tax were £505 in the year ended on March 31, 1977, there was a £10,772 loss in 1978 and profits of £33,000, £111,000 and £301,000 in the three latest years. Turnover rose from £16,900 in 1977 to £671,000 in 1981. Income comes mainly from subscription but in the latest three years, advertising revenue has built up and was nearly 11 per cent of turnover last year.

No profit forecast is offered in respect of the current year but the directors expect the business will continue to prosper.

A dividend of £12 per share was paid on the 1,000 shares in issue at March 31, 1981 and the directors intend to pay a dividend of 2.5p per share this year.

The balance sheet at March 31, 1981 shows net tangible assets of £175,000, of which only £23,710 were fixed assets. The company has no borrowings.

The group's newsletters are printed by G. T. Wray, a company in which Mr Wray and his family have a 49 per cent interest but all transactions are said to be on an arm's length basis.

The placing is being made by brokers Fiske and Co.

● comment

The Fleet Street Letter has built up a substantial circulation by newsletter standards and is to some extent in a position to create its own momentum. The major concern of any investor in it must be that it is still basically a one-man operation. This is recognised in the £500,000 insurance policy taken out on Mr Wray's life. Some investors, too, may recall that Mr Tanner and Mr Whitfield upset many when they sold out of Clubmans' Club secretly. Subsequently, when Orme was floated, they agreed to hold their shares in the housebuilder for at least three years. No such agreement has been made with respect to their shares in the Fleet Street Letter. Since most revenue comes from annual subscriptions, this is one case where a profit forecast should not have been difficult to produce, even early in its financial year. At the placing price, the indicated yield is less than 7 per cent.

FT Share Information

The following securities have been added to the Share Information Service:

Bula Resources (Section: Oil and Gas), **Gartons** (Industrials), **Memec** (Electricals), **Mexico Fund** (Trusts, Finance, Land), **Trident Computer Service** (Industrials), **Weeks Australia** (Oil and Gas).

GOOD HALF FOR ROYAL

Good new life and pension results are reported by **Royal Insurance** for the first half of this year. Improved house mortgage sales resulted in new annual premiums rising 15 per cent from £11.6m to £13.4m, while the new school fees plan resulted in single premiums improving by one-third from £10.4m to £13.1m.

SPAIN

1981 High	1981 Low		Aug 7 Price %
352	251	Banco Bilbao	352
382	280	Banco Central	377
400	229	Bnco Exterior	400
325	239	Banco Hispano	322
128	120	Banco Ind. Cat.	121
411	284	Banco Santander	404
228	148	Banco Urquijo	228
379	263	Banco Vizcya	372
252	204	Banco Zargoza	244
216	82	Dragados	216
86	45	Espanola Zinc	80
71.5	55.5	Fecsa	71
54	22	Gl. Preciados	50.5
79.5	63.5	Hidrola	79.2
62.5	52	Iberduero	57.7
128	70	Petroleos	126
96	70	Petroliber	88
102	59	Sogefisa	59
78.7	60	Telefonica	78
77.7	60	Union Elect.	75

THE TRING HALL USM INDEX
121.7 (−0.3)
at close of business 7/8/81
BASE DATE 10/11/80 100
Tel: 01-248 5675

CORAL INDEX
Close 533-538 (unchanged)

INTERNATIONAL BONDS

BY PETER MONTAGNON

Warrants to arrest market attention

EURODOLLAR RATES climbed further last week with six month deposits putting on ¼ points to 19⅛ per cent.

At this level money market investments are much more attractive in the short run than bonds, though that could change quickly once interest rates start to drop.

Then investors who had forsaken the bond market would find they had missed out for ever on today's historically high yields.

This may explain the new fashion for bonds to come with warrants attached allowing investors to lock into high yields at any time during the next year.

A third such issue was launched by Morgan Guaranty on Friday. The borrower is Wells Fargo which is paying a 15 per cent coupon on an initial $75m issue priced at 99¼.

Each bond comes with two warrants allowing holders to buy into a separate series of seven-year zero coupon bonds at a guaranteed yield of 14.75.

Like the two previous issues for Citicorp and Transamerica the bonds were well received. By Friday night the warrants were trading at $16.75 mid-point.

This is the price (per $1,000 nominal of bonds) that investors must pay now to be sure of getting a 14.75 per cent yield later. Selling the warrants, meanwhile, increases the effective yield for those who only wish to hold the 15 per cent bonds.

Issues such as these thus offer a low leverage way of keeping a foothold in the bond market. There are some pitfalls.

The warrants, which were actively traded this week — especially as new issues came on stream, may not be all that liquid later. Moreover interest rates might not fall as many investors expect.

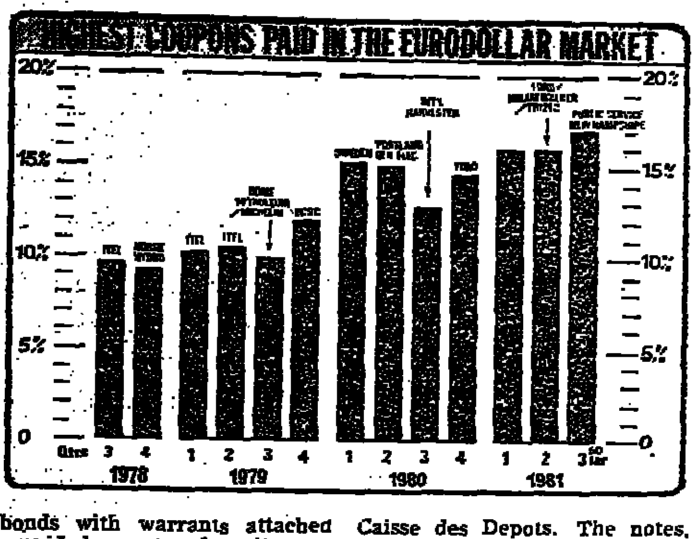
GTE Finance, for example, which issued a bond with warrants in January, is having to raise the 13¾ per cent coupon on the bonds that can be bought with the warrants. The old rate is right out of line with present market conditions and the new coupon is expected to be 15¾ to 16 per cent.

The flurry of activity in bonds with warrants attached provided a note of excitement last week in a market that was otherwise rather dull. Dollar bonds shed ⅜ points on average with declines concentrated early in the week on nervousness about the large U.S. Treasury financing programme in New York.

Expected this week is a $100m floating rate issue for France's Caisse Centrale de Cooperation Economique through CCF and Caisse des Depots. The notes, paying interest at Libor, will have a 10- or 12-year life but carry an annual repurchase option at par so that investors can treat them as one year paper.

The 17 per cent record coupon for a straight Eurobond was meanwhile confirmed with the pricing of the $30m issue for Public Services Company of New Hampshire. The chart shows how top coupons paid in the bond market have been rising since 1978.

HIGHEST COUPONS PAID IN THE EURODOLLAR MARKET



Quiet trading was reported from Germany where D-Mark bonds shed ¼ point over the week. A DM 200m issue for the European Investment Bank is expected to be announced today by Deutsche Bank.

Falls were rather sharper in Switzerland where the inflation rate now stands at 6.6 per cent, close to the yields awarded to top quality borrowers in the capital market.

Selective demand for good names remains strong, however, and Eldorado Nuclear's SwFr 100m issue was priced with a coupon of 7 per cent instead of 7¼ per cent as initially indicated.

The Kuwait Dinar bond market was formally reopened with a KD 7m ($25m) 10 per cent issue for the City of Stockholm which is expected to be priced at a discount giving a yield of about 11 per cent.

This should give a small boost to the secondary market in Dinar bonds which has been depleted over recent months because of the maturity of older issues.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡Public Service Co., New Hampshire	30	1986	5	17	98¾	Blyth Eastman Paine Webber, Kidder Peabody	17.514
‡Citicorp O/S Fin. Corp. NV	100	1984	3	0‡‡	66½	Morgan Guaranty	14.421
§Nitto Electric	40	1996	15	5¾	100	Nomura Intl.	5.750
§Kawasaki Steel	100	1996	15	5¾	100	Nomura Intl., Yamaichi Secs.	5.750
†Empresa la Moderna	20	1988	5.4	8°	100	Morgan Guaranty, Chase Manhattan	8.160◊
‡Transamerica Finl. Corp. NV	75	1986	5	7‡‡	72	Morgan Guaranty	15.440
§Yamanouchi Pharmaceutical	40	1996	15	5½	100	Nikko Secs. (Europe)	5.500
‡Wells Fargo Intl. Corp. NV	75	1985	4	15‡‡	99¼	Morgan Guaranty, Morgan Stanley	15.264
SWISS FRANCS							
‡Hydro-Quebec	100	1991	—	7	100	Credit Suisse	7.000
‡Eldorado Nuclear	100	1991	—	7	100	UBS	7.000
‡**§Osaka Oxygen Inds.	20	1986	—	4¾	100	UBS	4.750
‡**Natomas	50	1986	—	7¾	100	SBC	7.750
STERLING							
‡§Kyowa Hakko Kogyo	15	1966	15	6½	100	Schroder Wagg	6.348
GUILDERS							
Euratom	75	1987/91	10	12¾	*	ABN, AmRo	*
KUWAITI DINARS							
City of Stockholm	7	1991	10	10	*	KIC, PKbanken	11

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ° Minimum. § Convertible. ◊ Postponed. †† Registered with U.S. Securities and Exchange Commission. ‡‡ With warrants.
Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY DAVID LASCELLES

Worst fears allayed

THE MUCH-DREADED $8.5bn Treasury quarterly refunding turned out better than expected last week, thanks mainly to the encouraging strength of retail demand for the bonds and notes on offer. But this is not to say that it inspired the markets with new hope. The exercise only succeeded because the securities were offered at record yields. They did not leave Wall Street in a strongly bullish mood, though some traders were looking for follow-through early this week. Late on Friday, word emanated from Salomon Brothers that its chief economist, Dr Henry Kaufman, was advising clients that interest rates peaks "are still ahead of us."

The refunding, which was designed to raise $3.1bn in new cash to finance the Government deficit, sent the market into a sharp anticipatory retreat on Monday. But it held its ground as the three-part issue got under way and even managed to stage a slight recovery in the days that followed.

The $4.25bn issue of 39-month notes on Tuesday, possibly the easiest component, went for a yield of 15.96 per cent, exceeding the record 15.81 per cent set last May. The $2.25bn of ten-year notes sold on Wednesday, which were expected to cause some problems, were helped by the success of the previous day's issue, though the yield was a record 14.98 per cent. The climax came on Thursday with $2bn of 30-year bonds which sold at 14.06 per cent. Although there were hopes that they would come in below 14 per cent and give the market a good psychological boost, this could also have been worse.

The large number of non-competitive bids in the auctions (put in by purchasers willing to accept whatever price is set by the bidding) was taken as a sign of strong retail interest—something that is rather rare these days. This suggests that bolder souls think the time has come to lock in some attractive yields. Brokers also reported strong foreign buying, reinforcing the view that people outside the U.S. tend to be more bullish about U.S. prospects than Americans

The refunding pushed everything else into the background. But no one could miss the fact that Fed funds, the key short-term rate, edged upwards during the week — another worrying sign that short demand credit demand remains strong. The Fed continued to supply reserves but not in sufficient quantities to relieve the pressure.

The market's relief at the successful conclusion of the refunding was spoilt on Friday morning when the Labour Department revealed that unemployment had fallen from 7.3 per cent to 7 per cent in July. This unexpected sign of economic resilience raised fears that the economy may not be heading into its widely-expected recession. If so, the prospects for a general easing of credit demand and a drop in interest rates remain slim.

The dip in bond prices that greeted this news was corrected, however, by the Fed's announcement at the end of the day that the money supply was little changed.

CREDITS

BY PETER MONTAGNON

Argentina prepares to resume borrowing

ARGENTINA PLANS to return to the Euromarkets soon after an absence of nearly three months caused by its deteriorating economy.

Since a planned $300m borrowing by the state oil concern YPF was put on ice in early June, there have been no public sector Argentine credits, forcing the government to rely heavily on short term borrowings.

But a large amount of short-term debt is coming up for repayment. Rather than simply renew it, Argentina hopes to refinance at least some of the debt with medium term credits.

Details of its return to the market are still being negotiated with U.S. banks who are traditionally close to the country.

Expected is a credit of about $500m which would signal the resumption of regular borrowing activity by the Argentine public sector.

Argentine borrowers previously paid a margin of ¾ per cent over London Eurodollar rates for eight-year money, but even the authorities in Buenos Aires are agreed that this is now too low.

Argentine officials say they hope to obtain a margin close to one per cent for their new borrowings but, in a departure from previous policy, they are actively considering offering an alternative tranche priced over U.S. prime rate to attract U.S. regional banks.

As one bright spot on the economic horizon the officials say that Argentina's current account payments should be in balance in the second half of this year following the recent massive devaluations. The first half saw a deficit of $2bn, while there was the shortfall of $4.7bn for the full year of 1980.

Some uncertainty now exists as to when and whether margins on Brazilian loans will, in fact, decline. This follows a relatively poor reception given to the latest $400m credit for the hydro-electric project Itaipu.

Major banks are much more confident than before about the situation in Brazil, but this has not filtered through to smaller participant banks in the Euromarket. The Itaipu credit was also apparently dogged by the fact that the borrower does not offer tax certificates to lenders which can be used to reduce their domestic tax liabilities at home.

But strong demand has allowed some recent borrowings by Brazilian private sector banks to be increased. The latest such loan to emerge last week was a $55m credit for Banco Itau, led by Citibank and Libra.

This starts out as a two and a half year loan at a margin of 1⅞ replaced on maturity by a five and a half year loan at a margin of 2¼. Lenders who agree to participate in both loans will receive a fee of 2¼ per cent throughout, while those who participate only in the second loan will receive a commitment fee of around ⅜ per cent.

In Europe, bankers are still awaiting Poland's reply to proposals for rescheduling 1981 debt maturities. The reply will indicate whether or not last week's clarification discussions in Vienna were successful in overcoming Polish doubts about the plan.

Overall the pace of new Eurocredit business has slowed markedly in recent weeks with the onset of the holiday period, but a number of deals are beginning to take shape for the start of the new season.

India is expected this week to award a $90m mandate for a Eurocredit and floating rate note issue by its Industrial Credit and Investment Corp. Terms should be very fine given India's relatively under-borrowed position in the Euromarket.

Indonesia is also expected to tap the market soon, while in Latin American passage of Venezuela's $24.3bn debt refinancing legislation means that a $750m to $1bn credit for the Republic has become an increasingly likely prospect for the early Autumn.

U.S. INTEREST RATES (%)

	Week to Aug 7	Week to July 31
Fed funds wkly avge	19.10	17.77
3-month Treas. bills	15.36	14.94
3-month CD	18.08	17.75
30-year Treas. bond	14.09	12.89
AAA utility	16.50	16.38
AA industrial	15.75	15.75
Visible supply Corp. bonds	7.3	7.1

Source: Salomon Bros.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¼ 86 (WW)	55	[illegible]	[illegible]	[illegible]	[illegible]	16.46
Amoco 13¾ 88	75	[illegible]	[illegible]	[illegible]	[illegible]	15.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	60	†84	85	0	−1⅞	15.28
CIBC 13¾ 85 C$	50	†90	91	+0¼	−2¼	17.05
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson O/S Fin. 9½ 96	8/81	2.74	89	90¾	−0¼	2.80
Hitachi Cred. Cpn. 5 96	7/81	1986	98½	99¾	+1½	5.06
Ina Overseas 8¾ 2000	4/81	42	102¾	103¾	0	1.79
Inchcape 8 95	2/81	4.55	67½	69	−0½	15.24
Marion Int. Fin. 9 95	12/80	15.5	79½	80¾	+1½	28.37
Marui 6 96	7/81	931	91¼	92¼	−0¼	2.28
Matsushita El. 7½ 95	11/80	590	90¾	91½	+0¼	0.90
Murata 5¾ 96	7/81	2190	103½	104½	+1½	1.97
NKK 6½ 96	7/81	168	118¾	119¾	+0¾	41.96
Ricoh 6½ 95	8/80	804	176¾	178½	+9½	2.56
Sumitomo M. Ind. 7 95	2/81	787	143	144½	+1	−1.17
Swiss Bk. Cpn. 6½ 90	9/80	200	77	79	+1½	40.98
Taylor Woodrow 8¾ 90	1/81	4.94	87½	88¾	−0¼	3.53
Tranaco Int. 8¾ 95	2/81	68	81½	82¼	+0¼	26.49
Tricorp 8½ 95	12/80	31.25	85¾	87	+1⅞	9.06
Union Bk. Switz. 5 89	2/80	70.79	75	77	+0½	15.26
Sharp Cpn. 6½ 88 DM	9/80	595	220¼	221¼	+11⅞	2.15
Uny Co. 6½ 85 DM	11/79	879.3	114½	115½	+2	−3.90

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	2,513.5	3,188.5
Previous week	2,473.8	4,191.3
Other bonds		
Last week......	755.8	373.8
Previous week	739.3	430.3

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by:

Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 7

WORLD STOCK MARKETS

NEW YORK

[illegible]

CANADA

[illegible]

HOLLAND

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

NORWAY

[illegible]

ITALY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

GERMANY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.81½ (Discount of 22%)

BRAZIL

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

FRANCE

[illegible]

DENMARK

[illegible]

Indices

NEW YORK —DOW JONES

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 3	July 31	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
♦Industr'ls	942.54	952.81	955.56	945.87	948.25	952.54	1024.05 (27/4)	924.66 (22/7)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.90	58.64	58.78	58.92	59.02	59.59	65.78 (15/1)	58.37 (7/5)	—	—
Transport.	406.55	408.81	406.95	403.76	405.03	406.68	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	110.00	109.98	109.59	109.56	108.62	109.59	117.81 (5/1)	105.98 (6/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	38,370	54,700	54,290	39,460	39,660	43,480	—	—	—	—

♦Day's high 954.15. low 938.45.

	July 31	July 24	July 17	Year ago (approx)
Ind. div. yield %	5.74	5.83	5.70	5.69

STANDARD AND POORS

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 3	July 31	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	148.57	149.71	149.77	147.84	146.96	147.46	157.02 (6/1)	143.20 (22/7)	160.36 (28/11/80)	3.52 (30/6/32)
Composite	131.75	132.64	132.87	131.18	130.48	130.92	138.12 (6/1)	126.69 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 5	July 29	July 22	Year ago (approx)
Ind. div. yield %	4.76	4.88	4.96	4.81
Ind. P/E Ratio	9.52	9.24	9.10	8.19
Long Gov. Bond yield	13.91	13.70	13.65	10.71

N.Y.S.E. ALL COMMON

Aug. 7	Aug. 6	Aug. 5	Aug. 4	1981 High	1981 Low
76.58	77.00	76.91	76.04	79.14 (6/1)	72.45 (20/2)

Rises and Falls

	Aug. 7	Aug. 6	Aug. 5
Issues Traded	1,855	1,878	1,893
Rises	544	819	937
Falls	863	655	545
Unchanged	448	404	411
New Highs	—	31	31
New Lows	—	35	30

MONTREAL

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	1981 High	1981 Low
Industrials	384.77	393.64	390.84	385.64	409.55 (27/5)	366.26 (20/2)
Combined	366.86	365.78	359.82	354.85	375.76 (27/5)	338.34 (20/2)

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	1981 High	1981 Low
TORONTO Composite	2285.9	2297.9	2275.6	2253.6	2378.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	662,100	91⅞	+⅛	IBM	338,500	57	+⅛
Sony	553,000	22⅞	+⅛	Quaker Oats	326,300	34	—
Proctor Gamble	534,400	68¾	−1⅞	Superior Oil	323,400	44¾	−⅜
Exxon	469,800	35xd	−⅛	Cities Service	317,600	60½	+½
Du Pont	382,400	47	+1	ATT	316,700	58	+¼

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	634.7	629.2	626.0	628.7	737.5 (6/4)	625.0 (5/8)
Metal & Minrls (1/1/80)	523.8	514.5	508.4	512.2	765.2 (7/1)	508.4 (5/8)
AUSTRIA Credit Aktien (2/1/62)	57.7	57.91	57.85	57.85	66.45 (5/1)	57.79 (5/8)
BELGIUM Belgian SE (31/12/63)	74.42	74.29	75.90	75.57	86.15 (17/2)	69.53 (18/6)
DENMARK Copenhagen SE (1/1/73)	116.5	118.77	118.74	116.46	118.21 (5/7)	95.88 (2/1)
FRANCE CAC General (29/12/61)	92.3	92.2	91.2	90.7	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	96.3	96.4	95.5	94.3	106.8 (16/3)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	238.83	238.17	239.36	235.87	245.47 (5/7)	216.83 (9/2)
Commerzbank (Dec 1953)	731.5	728.5	732.9	735.6	749.0 (5/7)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	95.5	94.7	93.5	92.7	98.2 (24/6)	86.7 (2/1)
ANP-CBS Indust (1970)	73.0	72.3	71.9	72.1	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1718.1	1722.46	1689.87	1681.65	1810.20 (17/7)	1295.44 (11/5)
ITALY Banca Comm Ital (1972)	218.8	215.12	209.51	220.43	292.08 (6/6)	166.44 (24/7)
Japan Dow Average (16/5/49)	7968.9	7906.10	7888.53	7820.06	7968.9 (7/8)	6856.52 (13/3)
Tokyo New SE (4/1/68)	600.7	596.31	595.17	590.02	600.7 (7/8)	495.79 (5/1)
NORWAY Oslow SE (1/1/72)	145.0	145.72	138.70	136.59	145.72 (6/8)	110.34 (5/6)
SINGAPORE Straits Times (1966)	803.2	789.19	798.16	826.26	973.26 (26/6)	659.51 (2/1)
SOUTH AFRICA Gold (1958)	559.1	650.8	542.3	540.9	797.6 (7/1)	475.6 (3/7)
Industrial (1958)	628.1	629.9	624.8	622.2	663.5 (1/6)	537.2 (3/2)
SPAIN Madrid SE (30/12/80)	133.1	135.16	139.06	138.90	141.49 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	687.2	625.40	623.19	617.12	537.2 (7/5)	404.17 (20/1)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	288.8	288.9	288.0	287.8	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	152.4	151.9	150.2	162.8 (6/1)	149.0 (23/7)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Neon sculpture contest launched

A £6,000 COMPETITION to design a neon sculpture for the new Albany Arts and Community Development Centre in South London is launched today by the Greater London Arts Association. The sculpture will be sited over the entrance to the Centre, which houses the Albany Empire home of the Combination Theatre Company.

The competition, funded by the Arts Council of Great Britain, is being sponsored by Pearce Signs, a firm of neon signwork specialists based in the London Borough of Lewisham, which is also involved in the project.

INSURANCE

Analysts name likely targets of predators

BY ERIC SHORT

INVESTORS have always looked on insurance as one of the less glamorous sectors of the market. As a result, the shares have usually been under-valued, compared with the market as a whole. However, this changed after West Germany's leading insurance composite, Allianz, bought a 28 per cent stake in Eagle Star in May through a dawn raid and tender offer.

This action rekindled interest in the sector with investors now looking at insurance companies, not for their earnings or dividend potential, but for their take-over prospects.

The analysts now have a new dimension to consider in making their reviews of the insurance sector. Today Wood Mackenzie becomes the first of the major analysts to consider the take-over prospects of UK insurance composites.

Its annual review takes as its main theme a discussion of the vulnerability of each of the seven quoted composites, including Eagle Star, to a dawn raid or an outright bid. The review also lists possible steps that each management could take to counter or forestall such predatory action.

The review starts by considering the reason for overseas insurance companies to expand outside their home territory and the attractions of the UK to such expansion-minded composites.

Traditionally, most European and U.S. insurance companies have shown little interest in overseas involvement. It has been the major UK composites which have expanded beyond their home territory.

But under present conditions the major insurance markets are virtually static and the largest companies operating in those markets have too large a share to be able to make further significant expansion internally.

So these companies are under pressure to expand overseas. Their quickest method of establishing a presence within a country is to acquire an existing insurance operation.

European companies have been steadily expanding for the past five years, concentrating mainly in the U.S., the world's largest insurance market. Wood-Mackenzie considers that the attention is now being turned to the UK for three main reasons.

The UK market is one of the best in the world, in which the trade his considerable freedom from authoritative control, from consumerist pressures and from excessive competition. This enables UK insurance companies to charge adequate premiums and produce satisfactory stable profits compared with business in other countries.

In addition, UK insurance companies on a worldwide spread of business build on a solid UK base.

The main attraction to predators is that the share prices of the composites all stand at substantial discounts to their net worth, offering a cheap means of buying into the market.

According to Wood Mackenzie, these discounts arise because the companies have been very conservative in valuing assets, especially in valuing the shareholders' portion of life business which is often included in the balance sheets at a nominal value. Then companies have also been conservative in their dividend policies.

But Wood-Mackenzie also considers that management have never done much to indicate to shareholders the underlying worth of the company's shares, and have tended to depress share prices even further by making unnecessary rights issues. The review cites the recent fund raising exercises of Royal Insurance and Guardian Royal Exchange as examples of the restraining influence on rights issues.

Managements, says the report, can defend or forestall predators by adopting more generous dividend policy, making greater efforts to communicate with shareholders, and by being more discriminating in making rights issues.

The report also considers that UK management could use their strong capital positions to make their own acquisitions, and make the final defensive step of finding friendly outside institutions (known as a White Knight) to acquire a substantial minority equity stake.

So Wood-Mackenzie concludes that all the UK composites remain vulnerable to dawn raids and/or outright bids.

Wood-Mackenzie does not conform to the general market view that the Commercial Union is the next candidate for a predator, though it does admit that the company is rather badly placed in defending itself.

Two of the most potential and attractive candidates, according to the review, are Sun Alliance and London, and Phoenix.

What this review does not do is to flush out some of the predators lurking in the undergrowth by even indicating by name some of the overseas insurance groups embarking on an expansion programme.

APPOINTMENTS

Chairman of John Folkes Hefo

Today Mr Constantine J. Folkes becomes chairman of JOHN FOLKES HEFO the Stourbridge-based property and engineering group. Aged 28, he joined the company in January 1974 as a management trainee and in 1976 was appointed a director of a subsidiary, Hackett Bolts and Nuts of Netherton. In 1979 he became managing director of JFH Steel and in 1980 was appointed to the group board. He has been group deputy chairman since December last year. He succeeds Mr Jim Hearnshaw, chairman for 13 years, who has retired on reaching the age of 65.

★

Dr N. B. Smith, a director of Imperial Chemical Industries, has resigned as a director of CARRINGTON VIYELLA and has been replaced by Mr J. H. Harvey-Jones, a deputy chairman of Imperial Chemical Industries.

★

Mr D. G. Justham is to relinquish his executive responsibilities within IMI but will remain on the board as a non-executive director. From September 1, Mr G. J. Allen will assume responsibility for the IMI Kynoch Fabrication Group (ie IMI Components and Eley) and for the IMI personnel function. Dr T. A. J. Lamb will assume responsibility for the IMI Fluid Power Group, but will no longer be responsible for the general IMI overseas function.

Mr. D. V. Ayres will assume responsibility for the Australasian Group (IMI Australia). Functional responsibility for overseas territories will be divided as follows: Australasia, Mr Ayres; Eastern Europe, Mr R. Amos; Middle East, Mr J. R. Crane; North and South America, Dr Lamb; Southern Africa and Far East, Mr W. Brittain.

★

Mr John Carr has been appointed chief executive of the BPC Park Royal and East Kilbride factories responsible for printing of the Radio Times and The Listener. He was formerly with Times Newspapers. Mr Carr will join the boards of Waterlow and Sons (Radio Times) and the British Gravure Corporation.

★

Mr J. R. K. Emly has been appointed a director of ROBERT FLEMING INVESTMENT TRUST.

★

Mr Bruce Mead has been appointed managing director of FOURWAYS, a member of the Thomas Tilling group.

★

Mr Michael Hirst and Mr David Thomas have been appointed joint managing directors of LADBROKE HOTELS AND HOLIDAYS, the Ladbroke Group subsidiary which is now also responsible for Ladbroke Taverns. Mr John Jarvis, chairman of the division, also takes on the role of chief executive.

★

Mrs Geraldine S. Dyer, has been appointed manager of the actuarial department of the RELIANCE MUTUAL INSURANCE SOCIETY.

★

At GEO. G. SANDEMAN SONS AND CO. Mr T. W. Sandeman will be retiring as executive chairman on January 1. He will remain a director of the company with certain executive responsibilities and remains a director of Seagram Distillers. Mr David Sandeman will take over as executive chairman. Mr James Tyndale-Biscoe has become managing director and Ms Judith Monson deputy managing director.

★

Mr John Turkington group chief accountant has assumed the new appointment of group treasurer of CHUBB AND SON. Mr Donlad J. Fraser has joined the group and assumed the new appointment of group financial controller.

★

Mr David C. Hutchins has been appointed to the board of SPINNEYS 1948 as director responsible for all industrial and institutional catering activities.

★

Mr Peter Walsh, previously customer accounting manager at Southern Gas has been appointed controller of audit and investigations at BRITISH GAS headquarters.

Mr P. F. Scurlock, at present group finance director of Duport will be joining BASS as treasurer with responsibilities for planning on September 2.

Mr Robert Gibson has been appointed as investment manager (securities) in the ELECTRICITY COUNCIL'S superannuation department. Mr Brian Matthews has been appointed to the new post of controller, finance and administration in the Superannuation Department.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Ropner Hldgs, 140, Coniscliffe Road, Darlington, 12.30

BOARD MEETINGS—
Finals:
Brady Inds.
Ex-Lands
GT Asia (Sterling) Fund
Property Security Inv. Tst.
Interims:
Habit Precision Engineering
Manchester Ship Canal
Murray Caledonian Inv. Tst.
Transport Development

DIVIDEND & INTEREST PAYMENTS—
American Express 50cts
Archimedes Inv. Tst. 3.3p
Caledonia Invs. 8p
Ferguson Industrial Hldgs 3.3p
Gen. Consolidated Inv. Tst. 2.25p
Greater London 12½pc 1983 6¼pc
Gulf Oil Corp. 70cts
Lloyd (F. H.) 0.5p
Malaysia 7¼pc 1978-82 3⅝pc
Private Inv. Co. for Asia (Pica) SA Fltg. Rate Notes 1986 $US434.46
Raeburn Inv. Tst. 2p
Tanjong Tin Dredging 2p
Tern-Consulate 0.5p

TOMORROW

COMPANY MEETINGS—
Charter Consolidated, London Intnl. Press Centre, 76, Shoe Lane, EC, 12.00
Cohen (A.) and Co., 8, Waterloo Place, St. James's, SW, 12.00
Equity Consort Inv. Tst., New Court, St. Swithin's Lane, EC, 2.45
Turnbull Scott, 76, Mark Lane, EC, 12.00

BOARD MEETINGS—
Finals:
Group Investors
Howard Shuttering
Kennedy Smale
Interims:
Aaronson Brothers
Commercial Union
Davies and Metcalfe
General Accident Fire and Life Assurance
Mercantile Inv. Tst.
Ocean Transport and Trading
Smith and Nephew
Taylor Woodrow
Tiger Oats and National Milling

DIVIDEND & INTEREST PAYMENTS—
Baggeridge Brick 1.25p
Charterhouse Japhet Intnl. Finance BV Gtd Fltg. Rate Notes 1985 $US85.79
Eastern Produce Hldgs. 3.22p
Guinness (Arthur) 1.575p
Do. Lns. 3½ 5pc
Pegler-Hattersley 5.5p
Reed International 9p
Sidlaw Inds. 2.5p
Throgmorton Trust 2.25p
Town and City Properties 0.01p
Turnbull Scott Ord and A 3p
Whitecroft 2.6p
Do. 4.1pc Pf. 2.05pc

WEDNESDAY, AUGUST 12

COMPANY MEETINGS—
Brown and Tawse, Kingsway West, Dundee, 12.00
Chubb and Son, Hyde Park Hotel, Knightsbridge, SW, 12.00
ERF (Hldgs.), Crewe Arms Hotel, Nantwich Road, Crewe, 3.00
Mercury Securities, 30, Gresham Street, EC, 12.00
Nova (Jersey) Knit, Marcol House, 289/293, Regent Street, W, 11.30
Pawson (W. L.) and Son, 26-28, Great Portland Street, W, 2.00
Wassall (J. W.), Park Lane, Handsworth, Birmingham, 11.00

BOARD MEETINGS—
Finals:
Assam Trading
Benn Brothers
Norton
Scottish English and European Textiles
Interims:
Britannic Assurance
British Aluminium
Dares Estates
Dreamland Electrical Appliances
Securicor
Tube Invs.
Wadsworth (F. W.)

DIVIDEND & INTEREST PAYMENTS—
Brent Walker 1.4p
Centre Hotels (Cranston) Db. £2.65
Do. Db. £3.27
Charter Consolidated Reg. 6.6p
Do. Br. 6.6p
Cropper (James) 1.5p
ERF (Hldgs.) 0.1p
Great Northern Inv. Tst 2p
Marsh and McLennan Inc. 50cts
Mercury Securities 7p
Merrill Lynch 32cts
Sampe (H.) Ord. and A 4.75p
Sterling Inds. 1.2p

THURSDAY, AUGUST 13

COMPANY MEETINGS—
Burtonwood Brewery (Forshaws), The Brewery, Burtonwood, Nr Warrington, Cheshire, 11.00
Castings, Lichfield Road, Brownhills, West Midlands, 2.30
Electric and General Inv., 11, Austin Friars, EC, 12.30
[illegible], Deighton, Huddersfield, 12.45
Intasun Leisure Group, Howard Hotel, Temple Place, WC, 11.30
Shaw Carpets, Post House, Ossett, Nr. Wakefield, 12.00
Standard Fireworks, George's Hotel, St. George's Square, Huddersfield, 12.00

BOARD MEETINGS—
Finals:
Allen (W. G.)
Commercial Bank of Australia
Malaysia Rubber
Singlo
Interims:
Automotive Products
Carrington Viyella
Clarke (T.)
Ratcliffs (Great Bridge)
Rea Brothers
Ultramar
Whittingham (Wm.)

DIVIDEND & INTEREST PAYMENTS—
Bank of Communications Fltg. Rate Notes due 1985 $US870.43
Brown and Tawse 5p
Cambridge Water 3.5pc (fmly 5pc) Cons. 1.75pc
Do. 4.2pc (fmly 6pc) Red. Pf. 1984-86 2.1pc
Do. 4.55pc (fmly 6½pc) Red. Pf 1982-84 2.275pc
Clyde Bowers 0.82685p
Equity Consort Inv. Tst. 6.3p
Do. Dfd. 10.15p
Kleinwort Benson Finance BV Gtd. Fltg Rate Notes 1991 $US251.56
Lonsdale Universal 0.5p
M and G European and General Income 0.926p
Pilkington Bros. 5.5p
Standard Chartered Bank Fltg. Rate Cap. Notes due 1990 $US36.73
Winterbottom Energy Tst. 0.2p

FRIDAY AUGUST 14

COMPANY MEETINGS—
Alpine Hldgs, Alpine House, Honeypot Lane, NW, 12.00
Fairdale Textiles, 54, Baker Street, W, 12.00
May and Hassell, Grand Hotel, Broad Street, Bristol, 12.00
Triefus, Thavies Inn House, 4, Holborn Circus, EC, 2.30

BOARD MEETINGS—
Finals:
English Association
Impala Platinum
Neepsend
Pifco
Wyatt (Woodrow)
Interims:
Algemene Bank Nederland
Jourdan (Thomas)

DIVIDEND & INTEREST PAYMENTS—
Applied Computer Techniques (Hldgs.) 0.33p
Ashdown Inv. Tst. 1.8p
BPB Inds. 5p
Bank Leumi (UK) 3.15p
Barr (A. G.) 1.25p
Brunswick Corp. 22.5cts
Burtonwood Brewery (Forshaws) 3.327p
Castings 2p
Electric and General Inv. 1.5p
Halma 1p
[illegible] Db. £1.78pc
Liverpool Daily Post Echo 5pc Pf. 1.75pc
Mercantile House 12.5p
Nottingham Brick 2p
Scottish Metropolitan Property 1.25p
Do. Dbs. 3⅛, 3¾ (1979-84) 3⅛pc (1988-93)
Do. Ln. 4½pc
Shaw Carpets 1.5p
Sonic Sound Audio 2.24p
Triefus 2p

SATURDAY AUGUST 15

DIVIDEND & INTEREST PAYMENTS—
Abbott Laboratories 18cts
Aberdeen Tst Db. 2pc
African and European Inv. Pf. 3pc
Anderson Strathclyde Ln. 3⅞pc
Arbuthnot Dollar Inc Tst. Inc. Ptv. Pf. 1.2cts
Borg-Warner Corp. 62cts
Bristol 12pc Red. 1985 6½pc
Burmah Oil Ln. Red. of 6½pc Ln. 1975-81 at par plus accrued interest
Chase Manhattan Corp. 77.5cts
Colgate-Palmolive 28cts
Fairdale Textiles Ord and A 1.2p
Fishguard and Rosslare Railways and Harbours 3½pc Gtd. Pf. 1.225pc
Greater London 6¼pc 1990-92 3⅛pc
Do. 13¼pc 1984 6⅝pc
Intnl. Bk. for Reconstruction Develop. 5pc 1977-82 2½pc
M and G Second General Tst. Fund Inc. 4.2p
Sears Hldgs. Ln. 3½pc
Southwark 12½pc Red. 1987 6¼pc
TSB Gilt Fund Ptg. 3.5p
Treasury 3pc 1982 1½pc
Wilson (Ambrose) 5½pc Pf. 1.925pc
Zapata Corp. 10cts

CONTRACTS

£4m system controls gas flow

British Gas Corporation has awarded a contract worth nearly £4m to EASAMS for a computerised system to control the flow of natural gas from the North Sea through the national and regional high pressure grid. The contract calls for a national control and management system and for regional systems for the North West, Wales and North Thames Regions. The advantage claimed for the new system is that it is capable of operating at four times the existing handling capacity using equipment only half the size of that currently in use.

★

GEC DISTRIBUTION EQUIPMENT has been awarded a contract worth more than £2m by the Central Electricity Generating Board for the supply of 11 kV airbreak switchgear to control station auxiliaries at the Heysham Stage 2 nuclear power station which is now being built. Switchboards will be delivered over the next three years.

★

The new Philips identification system (Vetag) is part of a £1.3m positive train identification scheme for London Underground's Northern line. PHILIPS BUSINESS SYSTEMS, communication and control division, has received the order, worth £160,000 for its Vetag system from Westinghouse Signals, main contractor for London Transport which will be operated by Conneo on the scheme. The Vetag system comprises transponders on each train which transmit the train's identity via an integrated loop to trackside interrogators. Each interrogator sends data to a junction processor, which relays information to the next junction, so that the processor knows in advance which train is approaching. All the junction processors will be linked via a common line to a central processor at the control room of both the Northern and Victoria lines in Coburg Street. The identity and location of each train will be relayed in three digit groups and displayed on a diagram in the control room. The positive train identification scheme is designed to ensure closer control of trains, to facilitate route setting and to provide up-to-date information on all train movements to management and passengers. A prototype system is being constructed in Chippenham by Westinghouse: the final system will be installed in seven stages in 1983-84.

★

STOTHERT AND PITT has won an order worth more than £1m to supply two cranes for the world's first tension leg platform, in the Hutton Field in the North Sea. The cranes will be equipped with the Ultimate Protection System, which is designed to prevent the loss of a crane or serious damage if the crane hook becomes entangled with the supply ship's superstructure or cargo.

★

FLUIDRIVE ENGINEERING, a member of the AE Group, has been awarded a £1m contract for supply of four fluid couplings for driving boiler feed pumps at CEGB's new nuclear power station, Heysham 2. The contract was awerded by Sulzer Bros (UK) pump division. Delivery is phased between mid 1983 and mid 1984.

★

RHODES INTERFORM has won an order worth £1m against strong international competition for two Rhodes-Cowlishaw 800 ton capacity mechanical double sided presses, with a bed area of 11 ft x 7 ft, each weighing about 230 tons. The presses form an integrated automatic production line with transfer feed equipment at Tallent Engineering, Aycliffe, Co Durham, a member of the Charles Colston Group, producing pressings for the automobile industry.

★

Ten engine test beds worth £1m will be supplied by FROUDE ENGINEERING, Worcester-based member of the Redman Heenan International group of companies, to BL Technology for its Gaydon proving ground in Warwickshire. This new engine testing facility is scheduled to become operative in May 1982.

★

PERMUTIT-BOBY — Portals Water Treatment has been awarded a £870,000 power station contract by the Central Electricity Generating Board. The CEGB South Western Region has ordered a demineralisation plant for condensate polishing duties at Aberthaw "B" Power Station. The order includes six mixed-bed units, each treating 50 per cent of the duty condensate polishing streams from the station's three 500 MW turbines.

★

INTERNATIONAL COMPUTERS has gained an order from Vickers for ten ME29 computer systems valued at £800,000. One computer has already been installed at Crabtree Vickers in Leeds, while other systems are shortly to be installed at Vickers' salaries and pensions department in South London and in the design and projects division at Eastleigh near Southampton. Three of the remaining computers will be installed in the U.S., Spain and Holland.

★

PYE TVT the broadcast company of Philips, announce orders from Granada Television for over £600,000 worth of video switching equipment. Eight vision production switchers will be supplied.

★

HANWAY TRADING has been retained by the Reo Stakis Organisation to supply and install the complete interior furnishings for the new Stakis Grosvenor Hotel in Glasgow at a cost of £500,000. Furnishings will be supplied and installed for the hotel's 96 bedrooms and all public areas which include two restaurants, two bars and several function rooms.

★

A contract worth £250,000 for corrosion and heat resistant tube supports for the new Esso Chemicals ethane cracker at Mossmorran, Scotland, has been placed with CRONITE by GKN Birwelco.

★

Crusader Insurance has placed a £200,000 order for a distributed processing network which will take the benefits of computing into their local branch offices. The order, which is for 16 Series 21/40 systems, was won by ICL—Crusader's main system supplier.

★

STC Telecommunications has placed a £100,000 order with BLAKELL-PARFITT SYSTEMS, of Blandford, Dorset, for 27 printed circuit board assembly systems type LS360. The system was developed specifically to STC requirements to complete a British Telecom contract for the "Herald" fully electronic PABX.

M20 section ready for use

A NEW section of the Swanley-Folkestone M20 Kent motorway will open on Tuesday August 18, spanning seven miles between Cheriton and Sellindge.

The 19 miles from Swanley to Maidstone is already in use, and the southern section between Ashford and Sellindge will be completed by winter.

Plans for the middle link from Ashford to Maidstone have been shelved by the Secretary of State for the Environment, against the wishes of Kent County Council. The M20 was originally designed 10 years ago to serve the proposed Channel Tunnel.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	12½ %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10%, and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%

CONTRACTS AND TENDERS

Companies and Markets INTL. COMPANIES & FINANCE

Hong Kong property deal may set price record

BY KEVIN RAFFERTY IN HONG KONG

DOCUMENTS ARE being prepared for the auction of the land that will eventually house Hong Kong's new, unified stock exchange. The auction is confidently expected to set a new world record for a property deal.

The sale will involve 75,000 square feet right on the waterfront of Victoria Harbour. It has been estimated that the auction, which is being planned at a time when property values in Hong Kong are rising sharply, will fetch between HK$4bn and H K$5bn ($850,000m).

Last week the old wing of the Miramar Hotel — 86,000 square feet — changed hands for HK$2.8bn ($480m) in a deal that eclipsed the previous record for a property deal—the sale of the Pan Am building in New York which sold last year for $400m.

The waterfront site is next to the Connaught Centre and the General Post Office. It is Crown Land, unoccupied except for a bus station and low-rise tin-roofed huts used for postal sorting.

A bus station will have to be built into the building, and the stock exchange, and possbily the Hong Kong Commodity Exchange, will occupy lower floors. The construction could extend to more than 60 storeys and create Asia's highest building. Alternatively two or three towers could be constructed on a podium.

Some developers argue that the inclusion of a stock exchange trading floor will lower the value of the site. Others say that the burgeoning financial centre will enhance its value, especially if the developers can negotiate for a higher plot ratio to compensate for the restrictions.

Mr Trevor Bedford, managing director of Hongkong Land, the colony's biggest commercial landlord, thinks that the site will be worth between HK$ 50,000 and HK$ 60,000 per square foot.

The old wing of the Miramar Hotel which last week sold for HK$32.500 per square foot is on the Kowloon side of the Hong Kong harbour, and rents even in the best Kowloon areas are just over half of those in the prime commercial district of Hong Kong.

A recent Richard Ellis International property report gave a figure of HK$ 24 per square foot for monthly rents in central Hong Kong offices, while prime Kowloon office rents stand at around HK$ 13 a square foot.

Sandoz to make major cut in personnel

By John Wicks in Zurich

SWISS CHEMICAL group Sandoz, is to cut back personnel at its parent-company in Basle by 11 per cent over the next two years. By mid-1983, some 900 jobs are to be phased out from a total payroll in Basle of about 8.000.

The move follows a cost analysis study carried out this year by McKinsey, the U.S. consultancy group. The equivalent of about 5,700 full-time jobs were examined at all levels, of which almost 16 per cent will now be scrapped.

The reduction will make possible substantial annual savings, says Sandoz. The move has been forced on the company by the stagnation in parent-company turnover and its inability to offset rising costs in full by increased selling prices.

The programme, which has come under heavy fire from representatives of Sandoz's Basle employees, will be carried out gradually over five six-month periods.

The company stresses that all members of management were included in the cost analysis, adding that "large savings" will be possible in many cases. Several management positions are to become vacant and will not be occupied again.

In 1980, parent-company sales had remained virtually unchanged at SwFr 1.54bn despite a 10 per cent increase in group turnover to SwFr 4.9bn ($2.23bn). Net profits stayed at the 1979 level of SwFr 81m for Sandoz AG, while improving on a group basis by nearly 17 per cent to SwFr 202m.

Montedison signs deal with PUK

By Rupert Cornwell in Rome

AUSIMONT, the industrial products division of the Montedison chemicals group, has signed a commercial agreement with the French metals and chemicals concern, Pechiney-Ugine-Kuhlmann, which the Italian group hopes will significantly enhance its prospects in French markets.

Ausimont was set up under Montedison's reorganisation at the start of this year. Although its L500bn ($450m) turnover embraces a wide range of products, it concentrates on fine chemicals with a higher value added content. Montedison sees this as the key to its future development.

Alcan cancels plan for smelter in Queensland

BY OUR FINANCIAL STAFF

ALCAN Aluminium of Canada has cancelled its plans for a major new aluminium smelter in Queensland, Australia.

The project, which was to have been sited in Bundaberg, Queensland and which would eventually have had an annual smelting capacity of 300,000 tonnes, has been axed as a result of weakening world demand and rising costs.

A decision on whether to go ahead with the new smelter was delayed earlier this year. It was to have been coal-fired and would have produced 100,000 tonnes after the first phase of construction.

Announcing the cancellation Alcan said current world prices for aluminium would not provide an adequate return on the investment necessary to build the smelter. However, it considers Australia a prime location and it expects that the smelter "ultimately will be built."

Alcan intends to proceed with plans for a third stage expansion of its Kurri Kurri smelter to 130,000 tonnes as soon as regulatory approvals have been received.

PENDING DIVIDENDS

	Date	Announcement last year
*Associated Dairies	Aug 26	Final 2.25
Automotive Prods	Aug 14	Int. 1.5
*BICC	Sept 9	Int. 3.03
BSR	Sept 10	Int. 1.413
BTR	Sept 8	Int. 5.25
Babcock Intl	Sept 10	Int. 3.4
*Bank of Scotland	Sept 22	Int. 8.0
Blue Circle	Aug 27	Int. 5.0
Bowater	Sept 9	Int. 4.25
*British Aluminium	Aug 12	Int. 7.857
Brit. Elec. Traction	Sept 4	Final 5.709
British Petroleum	Sept 4	Int. 6.25
British Vita	Sept 10	Int. 2.6
Brown Bros.	Aug 27	Final 1.1
Cadbury Schweppes	Sept 4	Int. 1.2
*Carrington Viyella	Aug 13	Int. 0.7
Cement Roadstone	Aug 27	Int. 2.1
*Commcl. Bank Aust	Aug 13	Final 10 cents
*Commercial Union	Aug 11	Int. 4.4
Costain	Sept 4	Int. 4.0
*De Beers	Aug 18	Int. 25 cents
Fairclough Const	Aug 26	Int. 1.65
*General Accident	Aug 11	Int. 6.25
*Gold Fields SA	Aug 18	Final 270 cts.
Guardian Royal Exch	Sept 3	Int. 6.0
Harrisons Malay Ests	Sept 10	Final 5.5
Hawley Leisure	July 22	Int. 0.6
Hepworth Ceramic	Sept 11	Int. 2.25
Hongkong S'hai Bk	Aug 26	Int. HK$0.18
*Horizon Travel	Aug 17	Int. 2.5
House of Fraser	Sept 2	Int. 2.0
IMI	Aug 26	Int. 2.0
Lead Inds.	Sept 10	Int. 3.7
Lep Group	July 31	Final 12.5
Linfood	Sept 1	Final 7.5
Morgan Crucible	Sept 4	Int. 4.5
NEI	Sept 4	Int. 1.25
Nurdin and Peacock	Sept 10	Int. 1.875
*Ocean Trans.	Aug 11	Int. 4.3
*Pearl Assce.	Aug. 26	Int. 7.0
Pearson Longman	Sept 9	Int. 3.75
Pearson (S.)	Sept 9	Int. 3.75
P. & O.	Sept 10	Int. 3.0
Phoenix Assce	Sept 3	Int. 6.5
Prudential Corp.	Sept 11	Int. 4.0
Raybeck	Sept 5	Final 3.169
Reckitt and Colman	Sept 9	Int. 3.5
*Royal Dutch	Aug 20	Int. Fl 6.00
*Royal Insce.	Aug 17	Int. 9.25
*Securicor	Aug 12	Int. 0.5
*Shell Trans.	Aug 20	Int. 8.6
Sime Darby	Aug 27	Final 17
*Slough Ests.	Aug 26	Int. 1.1
*Smith and Nephew	Aug 11	Int. 1.3
Stand. Chartered Bank	Sept 9	Int. 12.0
Stock Conversion	July 30	Final 2.55§
Sun Alliance	Sept 3	Int. 15.0
*Taylor Woodrow	Aug 11	Int. 3.15
Tilling (T.)	Sept 10	Int. 3.5
*Turner and Newall	Sept 10	Int. 3.0
*Transport Dev	Aug 10	Int. 1.45
*Tube Invs.	Aug 12	Int. 17.857
*Ultramar	Aug 13	Int. 4.0
Utd Biscuits	Sept 11	Int. 1.87
Weir Group	Sept 3	Int. 1.863
*Woolworth (F. W.)	Aug 12	Int. 1.225
Yorkshire Chems	Aug 28	Int. nil

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective August 8

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	15¼	15½	15¾	15¾	15⅞	15⅞
Over 5, up to 10	15½	15⅝	15⅞	16	16⅛	16⅛
Over 10, up to 15	15¾	15½	15⅞	16¼	16	15⅞
Over 15, up to 25	15½	15⅝	15⅞	16	15⅞	15⅞
Over 25	15⅝	15⅝	15⅝	15⅞	15⅞	15⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13⅞	½-year	5,000	6-10
Knowsley (051-548 6555)	12¾	½-year	1,000	1-3

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	—	172	152	✻Aerospace Eng.	152	−1	bd7.6	1.4	7.1	14.1
§35	F.P.	22/7	37	28	Allied Residential 10p	28	......	b2.45	3.0	12.5	5.8
76	F.P.	17/7	91	79	Cambridge Elec.	89	−1	b3.7	3.2	5.9	9.0
—	F.P.	—	14	10	Comtech 10p	13	—	—	—	—	—
64	F.P.	—	65	60½	East of Scot. Onshore	63	......	g0.85	—	1.9	—
‖	F.P.	—	25	17	††Energy Sources	17½	+½	—	—	—	—
§13	12½p	—	13½	12½	F&CEnterpriseTst10p	13	......	—	—	—	—
140	F.P.	—	138	130	Hamilton Oil G.B.	134	−1	u1.0	13.4	1.1	7.3
—	F.P.	—	7	6	Hartons 5p	7	—	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	19	—	—	—	—	26.0
72	F.P.	26/6	70	58	✻Jackson Explorat'n	70	......	Q1.5c	—	1.1	—
§51	F.P.	20/7	69	61	✻Microfilm Repro.	61	......	b2.5	1.4	5.9	17.6
[illegible]	F.P.	—	125	120	✻Newcourt Oil	120	......	—	—	—	—
§44	F.P.	30/6	58	36	✻Selectv	40	−1	—	—	—	—
§85	F.P.	17/7	90	70	✻Stanelco	77	−1	—	—	—	23.6
§155	F.P.	3/8	205	190	✻Star Computer	195	−5	2.0	4.3	1.4	20.5
$2	F.P.	—	120	115	St'ckhold'rsF.E.Inv $1	115	−5	—	—	—	—
66	F.P.	—	78	75	✻Thorpac	78	......	b1.82	3.7	3.3	10.2
§80	F.P.	14/7	91	85	✻United CeramicDist	88	......	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 10p	97½	......	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	97	......	u0.75	6.5	1.1	15.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	104	—
100‖	F.P.	—	112¼	97¾	Chloride 7½% Conv. Prf.	98½	+1
¶	£10	—	10	9⅞	East Surrey Water 10% Prf. 1986	10	—
98½	£25	12/11	25¾	24½	Inco 15¾% Uns Ln. 2006	25¼	+¼
100‖	Nil	—	24½pm	18½pm	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	22 pm	—
§97	£10	3/9	110	95	Mid-Kent Water 9% Red. Prf. 1987	95	—
¶100	F.P.	28/8	98½	96	Mid-Southern Wat. 9% Red .Pref. '86	96	—
‖	F.P.	17/7	104¼	97	Mount Charlotte 9½% Cnv. Ln. 1995-2000	97	—
100	F.P.	—	99⅝	99⅜	Nat'wide B'ding Society 14¾% Bds. 1982	99⅞	+⅛
99	F.P.	27/8	99	90½	Newcastle Water 7¾% Red. Pref. 1986	90½	—
100‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	102	+1
¶¶	F.P.	—	93p	88p	Sterling Credit 3.5% Cnv. Red. Pref	89p	−1
§98	F.P.	28/8	92½	79½	Sunderland & S.S. Water 8% Red. Prf. '87	90½	—
100p‖	Nil	—	¼pm	¼pm	"W" Ribbons 10% Cum. Red. Prf. '95-96	¼pm	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	268	222	AGB	40	−5
22	F.P.	31/7	11/9	24	22½	A.I.D.	23½	—
46	F.P.	23/7	28/8	54	49	Brengreen	52½	—
275	125p	13/7	2/12	171	130	B.P.	163	−4
42	Nil	—	—	9pm	8pm	Buckley's Brewery	9pm	—
18	Nil	—	—	3½pm	1pm	Edinburgh Gen. Ins.	1pm	—
375	F.P.	10/7	7/8	410½	392	English Association	396	—
176	F.P.	—	—	213	200½	Extel	213	—
55	F.P.	12/6	11/8	68	63½	Fine Art	63	−5
240	F.P.	—	—	405	230	††Gaelic Oil	230	−10
11	Nil	—	—	1⅛pm	⅝pm	Gartons	1pm	—
90	F.P.	10/7	21/8	132	121½	Geers Gross	127	+2
5	Nil	—	—	3½pm	1pm	Hartons	1½pm	—
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	102	+1
35	Nil	—	—	7pm	6pm	Lane (Percy)	6pm	—
345	Nil	—	—	175pm	98pm	Mercantile House	175pm	+17
77	F.P.	—	—	92	81	Moss Engineering	88	—
160‖	Nil	—	—	40pm	25pm	New Court Nat.Res. Units	38pm	−1
60	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	67	—
A$1	Nil	—	—	127pm	124pm	Pancontinental	124pm	−3
6	P.P.	6/8	21/9	11½	6½	Sterling Credit	7¼	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✻ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

Companies and Markets CURRENCIES, MONEY and GOLD

The great non-event begins

BY JONAS CROSLAND

The end of the civil service dispute and the renewed flow of funds into the Exchequer could have been responsible for a considerable shortage of funds in the money market and further upward pressure on interest rates. There now appears to be at least two good reasons why it will not. The Treasury has been keen to emphasise that the backlog of payments will take months to clear so that any sudden shortage should just not occur. Secondly, while the theoretical amount outstanding may have had some greater effect on liquidity levels, there are those who believe that this figure could be considerably less than officially intimated.

If some large amounts have been paid into the Exchequer then that part in the rapid growth of sterling M3 attributed to the civil service dispute may be some way off the mark. Since February M3 has been growing at an annualised rate of around 17 per cent against a target for the year of 6-10 per cent. Taking away those funds that have found their way into the Exchequer, the question remains how that money left outstanding has been employed. Used to increase bank deposits it would have accelerated M3 growth while the repayment of overdrafts would have had the opposite effect. The latter choice seems the less likely of the two bearing in mind the high level of interest rates and the possibility that any overdraft repaid may not be renewed at a later date.

Meanwhile the recent high level of short term money has taken the upward pressure off base rates. By Friday one week money had fallen to around 12¾ per cent from 13¾ a week earlier. However the market has the introduction of new monetary control to think about at time when banks, discount houses and the Bank of England are about to start playing a different ball game. Just at the moment, however, it seems a little unclear who has the ball.

THE POUND SPOT AND FORWARD

Aug 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7790-1.8000	1.7905-1.7925	0.97-1.07c dis	−6.83	2.20-2.30dis	−5.02
Canada	2.2110-2.2310	2.2235-2.225	1.80-1.90c dis	−9.98	4.20-4.35dis	−7.69
Nethlnd.	5.01-5.06	5.03-5.04	¼c pm-¼ dis		1½-¾ pm	0.79
Belgium	74.10-74.70	74.35-74.45	63-73c dis	−10.97	130-140 dis	−7.26
Denmark	14.23-14.30	14.24-14.26	4½-5½ore dis	−4.16	11¼-12¾ dis	−3.33
Ireland	1.2370-1.2490	1.2435-1.2450	0.32-0.44p dis	−3.66	0.87-1.02dis	−3.04
W. Ger.	4.51-4.56	4.53-4.54	⅜-⅛pf pm	0.99	2-1½ pm	1.54
Portugal	118.70-120.30	120.10-120.30	80-155c dis	−11.73	200-375 dis	−9.57
Spain	179.70-181.00	180.75-181.00	80-115c dis	−6.47	200-240 dis	−4.86
Italy	2,231-2,246	2,238-2,240	34-36lire dis	−18.76	92½-95½dis	−16.75
Norway	11.08-11.16	11.14-11.16	¼ore pm-1 dis	−0.47	¾ pm-¼ dis	0.09
France	10.82-10.90	10.88-10.89	6½-7½c dis	−7.72	17¾-18¾ dis	−6.71
Sweden	9.53-9.60	9.59-9.60	1⅛ pm-2ore dis	−0.55	1⅞ pm-2dis	−0.18
Japan	415-427	420-421	2.45-2.15y pm	6.56	7.30-7.00 pm	6.80
Austria	31.70-31.95	31.90-31.95	5gro pm-par	0.94	13-3 pm	1.00
Switz.	3.90½-3.94½	3.91-3.92	1¾-1¼c pm	4.60	4¾-4¼ pm	4.47

Belgian rate is for convertible francs. Financial franc 80.65-80.76. Six-month forward dollar 4.15-4.25c dis: 12-month 6.30-6.45c dis.

THE DOLLAR SPOT AND FORWARD

Aug 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7790-1.8000	1.7905-1.7925	0.97-1.07c dis	−6.83	2.20-2.30dis	−5.02
Ireland†	1.4330-1.4450	1.4355-1.4385	0.35-0.45c dis	−3.34	0.65-0.75dis	−1.95
Canada	1.2400-1.2422	1.2417-1.2420	0.36-0.41c dis	−3.72	0.85-0.90dis	−2.82
Nethlnd.	2.8080-2.8200	2.8150-2.8200	1.67-1.57c pm	6.90	4.03-3.93 pm	5.65
Belgium	41.44-41.60	41.52-41.54	20-35c dis	−7.92	30-45 dis	−3.60
Denmark	7.9565-7.9885	7.9600-7.9700	2-1¾ore pm	2.82	4-3½ pm	1.88
W. Ger.	2.5180-2.5420	2.5295-2.5305	1.75-1.70pf pm	8.18	4.09-4.03 pm	6.42
Portugal	66.75-67.30	67.10-67.30	10-50c dis	−5.36	30-130 dis	−4.78
Spain	100.70-101.10	100.95-101.05	15c pm-par	0.89	10pm-15dis	−0.10
Italy	1,248-1,254	1,248-1,250	12½-14lire dis	−12.71	36-39 dis	−11.99
Norway	6.2145-6.2275	6.2150-6.2250	3.60-3.10ore pm	6.46	8.20-7.70 pm	5.11
France	6.0300-6.0950	6.0750-6.0800	Par-½c dis	−0.49	1¾-2½ dis	−1.40
Sweden	5.3400-5.3630	5.3450-5.3500	2.40-2.20ore pm	5.15	6.00-5.80 pm	4.40
Japan	233.75-238.00	234.55-234.65	2.55-2.40y pm	12.66	7.20-7.05 pm	12.15
Austria	17.71-17.85¼	17.82½-17.83	12.80-11.30cro pm	8.11	29.25-25.25pm	6.17
Switz.	2.1770-2.2010	2.1835-2.1845	2.17-2.07c pm	11.65	5.32-5.22 pm	9.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Aug. 7		Aug. 6	
Gold Bullion (fine ounce)				
Close	$398-400	(£221½-222½)	$394½-396½	(£219¼-220¼)
Opening	$399½-401½	(£222¼-223¼)	$394-396	(£218½-219¼)
Morning fixing	$399	(£222.651)	$395	(£218.776)
Afternoon fixing	$397.25	(£222.176)	$393.25	(£218.922)
Gold Coins				
Krugerrand	$412-413	(£229½-230)	$406½-407½	(£226-226½)
1/2 Krugerrand	$211¾-212¾	(£116-118½)	$209¼-210¼	(£116¼-116¾)
1/4 Krugerrand	$108-109	(£60-60½)	$106-107	(£59-59½)
1/10 Krugerrand	$44-45	(£24½-25)	$43½-44½	(£24¼-24¾)
Mapleleaf	$409-412	(£228-229½)	$403-406	(£224-225¾)
New Sovereigns	$99½-100¼	(£55½-56)	$98½-99	(£54½-55)
King Sovereigns	$112-114	(£62-63)	$111-113	(£61½-62½)
Victoria Sovs	$112-114	(£62-63)	$111-113	(£61½-62½)
French 20,s	$119-124	(£66¼-69)	$114-119	(£63¼-65)
50 pesos Mexico	$496-499	(£276½-278)	$490-493	(£272½-274)
100 Cor. Austria	$385-389	(£214½-216½)	$380-384	(£211½-213½)
$20 Eagles	$545-550	(£303½-306½)	$543-548	(£302-304½)

OTHER CURRENCIES

Aug. 7	£	$		£ Note Rates
Argentina Peso	8870-8890†	4965-4985†	Austria	31.50-31.85
Australia Dollar	1.5825-1.5865	0.8810-0.8815	Belgium	80.20-81.00
Brazil Cruzeiro	174.88-175.88	98.62-99.11	Denmark	14.18-14.33
Finland Markka	8.341-8.346	4.6575-4.6600	France	10.76-10.86
Greek Drachma	108.628-111.953	61.90-62.10	Germany	4.50½-4.54½
Hong Kong Dollar	10.62-10.63	5.9320-5.9370	Italy	2215-2255
Iran Rial	149.20*	82.50*	Japan	424-428
Kuwait Dinar (KD)	0.505-0.511	0.2835-0.2859	Netherlands	5.01½-5.04½
Luxembourg Fr.	74.35-74.45	41.52-41.54	Norway	11.05-11.17
Malaysia Dollar	4.2525-4.2625	2.3745-2.3765	Portugal	117-126
New Zealand Dlr.	2.1910-2.1960	1.2200-1.2210	Spain	175-175¾
Saudi Arab. Riyal	6.09-6.15	3.4125-3.4200	Sweden	9.52-9.62
Singapore Dollar	3.8936-3.9035	2.1740-2.1760	Switzerland	3.90½-3.94½
Sth. African Rand	1.7180-1.7190	0.9590-0.9600	United States	1.77¾-1.79¼
U.A.E. Dirham	6.55-6.61	3.6715-3.6745	Yugoslavia	73-80

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,600-13,620 and for the dollar 7,600-7,650. *Selling rate.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12-12¼	18¾-19	21-22	13-13¼	4-4¼	11¾-11⅞	18¼-19	26-31	14-16	6¾-7
7 days' notice	12½-12⅝	18⅞-19⅛	21-22	13-13⅜	4-4½	11⅞-12	18¼-19	32½-36½	28¾-41¼	6¾-7
Month	13 1/16-13 3/16	20-20¼	22½-22⅞	13 1/16-13 3/16	8 9/16-8 11/16	12¼-12⅜	19¼-19⅝	31½-33	23½-27¼	7-7⅛
Three months	14⅜-14½	19 5/16-19 7/16	21¾-22⅛	13¼-13⅜	9 1/16-9 3/16	12 3/16-12 5/16	20½-20¾	30½-32	22-24¼	7 5/16-7 7/16
Six months	14 5/16-14 7/16	18 15/16-19 1/16	21⅛-21⅝	12⅞-13	9 5/16-9 7/16	12 3/16-12 5/16	20⅛-20⅜	29½-31¼	20⅝-22	7⅛-7¼
One Year	14 1/16-14 3/16	18-18¼	20-20⅜	12¾-12⅞	9-9⅛	12 1/16-12 3/16	20-20½	28½-29¼	18¾-19½	8⅛-8¼

SDR linked deposits: one-month 16⅛-16½ per cent; three-months 15 13/16-16 3/16 per cent; six-months 15 9/16-16 1/16 per cent; one-year 15 7/16-15 13/16 per cent.

ECU linked deposits: one-month 15 9/16-15 13/16 per cent; three-months 16 1/16-16 7/16 per cent; six-months 16-16⅜ per cent; one-year 15 13/16-16 3/16 per cent.

Asian $ (closing rates in Singapore): one-month 20 3/16-20 5/16 per cent; three-months 19 5/16-19 7/16 per cent; six-months 19 5/16-19⅜ per cent; one-year 18 5/16-18 7/16 per cent. Long-term Eurodollar two-years 16⅞-17⅛ per cent; three-years 16⅝-16⅞ per cent; four-years 16½-16¾ per cent; five-years 16½-16⅝ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.70-18.80 per cent; three-months 18.70-18.80 per cent; six-months 18.55-18.65 per cent; one-year 17.60-17.80 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 1/8	offer 19 1/4	bid 19 1/16	offer 19 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Aug. 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10½-12¼	12-12½	—	—	11⅛-12⅜	10½-12¼	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	12⅜-12⅝	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12½	12¾-13⅛	—	12⅝	—	12-12¼	—	—	—
One month	13⅛-13½	13½-13⅝	13⅝	14½-14¼	13⅞	13⅞	13	13[illegible]-13[illegible]	13⅝	14[illegible]
Two months	14¼-13[illegible]	14-14¼	—	14⅝-14¼	14⅛	—	13[illegible]	13[illegible]-13[illegible]	13[illegible]	14[illegible]
Three months	14½-14¼	14[illegible]-14⅜	14½	14⅝-14¼	14[illegible]	14⅛	13½-13⅝	13[illegible]-13[illegible]	13[illegible]	14[illegible]
Six months	14⅝-14¼	14[illegible]-14[illegible]	14⅝	13⅞-13½	14[illegible]	—	—	—	13[illegible]	14[illegible]
Nine months	14¾-14¼	14[illegible]-14½	—	14⅝-14¼	14⅜	—	—	—	—	—
One year	14⅝-14¼	14[illegible]-14[illegible]	14⅝	14½-14¼	14⅜	—	—	—	—	—
Two years	—	—	14⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14¾ per cent; four-years 14⅞ per cent; five-years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 11/16-13¾ per cent; four-months trade bills 14 9/16 per cent.

Approximate selling rate for one-month Treasury bills 13-13 1/16 per cent; two-months 13 7/16-13⅝ per cent; three-months 13 23/32-13 11/16 per cent. Approximate selling rate for one-month bank bills 13⅝-13¾ per cent; two-months 13 9/16 per cent; three-months 13 11/16 per cent; one-month trade bills 14⅝ per cent; two-months 14 9/16 per cent and three-months 14 9/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.7316 per cent.

CURRENCY RATES

Aug. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.622297	0.555747
U.S. $	14	1.11360	0.992009
Canadian $	21.24	1.38331	1.23287
Austria Sch.	6¾	19.8432	17.6528
Belgian F.	13	46.2701	41.2180
Danish K.	11	8.87261	7.91623
D mark	7½	2.82019	2.51474
Guilder	9	3.13813	2.79201
French Fr.	9½	6.75732	6.02844
Lira	19	1395.34	1242.99
Yen	6¼	266.150	235.106
Norwgn. Kr.	9	6.92548	6.17327
Spanish Pts.	8	112.540	100.243
Swedish Kr.	12	5.95609	5.30973
Swiss Fr.	5	2.44714	2.17746
Greek Dr'ch.	20½	—	61.5641

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 69.36 | 9.76 | ..... | 3.59
Clive Gilt Fd. (C.I.) 8.28 | 8.59 | ..... | 15.40
*Prices on July 30. Next dealing Aug. 6.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 252.0 | 274.0 | ..... | —

Cortaxa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$18.42 | — | +1.38 | —

Craigmount Fund Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 89.1 | 89.2 | ..... | 15.13
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM39.31 | 36.05 | +0.05 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Aug 4 $4.45 | 4.67 | +0.07 | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM18.13 | 18.58 | ..... | —
Int. Rentenfonds DM62.54 | 64.30 | ..... | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Aug 4 US$34.23 | 36.41 | ..... | —

Duncan Lawrie Inv. Mgt. (Jersey)
15-27, New St., St. Helier, Jersey 0534 73637
DL Sterling 41.0 | 43.0 | +0.8 | 6.20
DL International $1.29 | 1.36 | ..... | 6.22

Emson & Dudley Tst. Mgt. Jsey. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 157.5 | 169.3 | ..... | —

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.2 | 69.4 | ..... | 7.20
E. A. Sterling* 69.63 | 69.67 | ..... | —
E. A. Equity* 69.07 | 73.48 | ..... | 1.70
Wardgate Cm. Fd.** 18.91 | 19.68 | ..... | 2.54
*Next dealing Aug. 12. **Next dealing Aug. 28.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. US$20.49 | 21.14 | ..... | 9.50

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund $19.80 | 20.46 | ..... | 11.20
Prices at June 30. Next dealing August 27.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East Aug. 4 HK$28.65 | 30.09 | ..... | —
Japan Fund Aug. 7 US$11.35 | 11.96 | +0.23 | —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. 13.42 | 13.43 | ..... | 0.21
C.I. Fund 209.6 | 223.2 | ..... | 3.47
Special Sits. Fund 79.3 | 83.5 | ..... | 3.10
Trans. Nat. Trust [illegible] | [illegible] | ..... | 2.85
Intnl. Bond [illegible] | 101.96 | ..... | 10.26
Int. Equity [illegible] | 17.44 | ..... | 1.01
Int. Svgs. 'A' $US 1.22 | 1.28 | ..... | —
Int. Svgs. 'B' 1.73 | 1.82 | ..... | —
Prices on Aug. 5. Next dealing August 12.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) 132.8 | 139.8 | ..... | —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Tech. Aug 4 US$19.25 | 20.88 | ..... | —
Japan Fd. Aug 5 US$31.65 | 32.39 | ..... | —
[illegible] Aug 4 [illegible] | 21.99 | ..... | —
Pacific Fd.* Aug 5 17.306 | 17.736 | ..... | —
Bond Fd.* Aug. 6 US$10.05 | 9.830 | +0.01 | 10.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† [illegible] | 8.93 | ..... | 13.00
*Inclusive of Preliminary charge. †Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 205.3 | 219.6 | ..... | 3.02

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 149.1 | 159.0 | ..... | 3.25
H.S. Fxd. Int. Fd. 83.0 | 87.0 | ..... | 14.80
H.S. Intnl. Gth. Fnd. 117.0 | 124.2 | ..... | —
Box 2622, Bern, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.32 | 25.50 | +0.25 | —
CSF Fd. (Acc.) SF18.96 | 19.35 | −0.04 | —
Crossbow Fd. SF7.40 | 7.53 | +0.06 | —
ITF Fd. (Acc.) US$13.58 | 14.19 | +0.11 | —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Intl. Commodities Tst. 108.4 | 115.3 | ..... | —
Next dealing day Sept 2.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Offer Pce) DF173.44 | — | +0.35 | 2.45

International Bond Trust

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	71.2	76.5	+0.3	1.90
Abbey Capital	[illegible]	[illegible]	-0.2	3.97
Abbey General	60.4	65.5		4.70
Abbey Gilt & F.I. Tst.	[illegible]	104.0	-0.1	12.60
Abbey Income	37.6	40.6		8.66
Abbey W'w. Bd. Tst.	[illegible]	104.0	+0.7	6.44
Abbey Inv. Ts. Fd.	[illegible]	60.6		3.96
Equitas Prog. Tst.	88.1	95.2		4.30

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.2	86.5	+0.1	13.11

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	94.5	101.1		6.54
Brit. Inds. Fund	79.2	84.7	-0.2	6.02
Growth & Income	54.3	58.1		4.30
Elect. & Ind. Dev.	48.4	51.8		4.82
Allied Capital	105.3	112.7	+0.5	3.90
Hambro Fund	140.2	150.0		5.35
Hambro Acc. Fund	199.4	213.4	-0.1	3.84

Income Funds

High Yield Fd.	67.0	71.7		8.37
High Income	84.7	90.6		7.96
Equity Income Fd.	47.7	51.0	+0.1	7.24
Govt. Secs.	23.6	24.2		12.81

International Funds

International	41.3	44.2	+0.4	1.88
Japan Fund	32.9	35.2	+0.7	0.47
Pacific Fund	83.6	89.5	+1.3	0.89
Secs. Of America	98.3	105.2	+1.0	1.85

Specialist Funds

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4994

High Income	34.7	37.9		12.00
North American	76.9	80.7	+0.9	2.11
Canadian Exempt*	76.7	81.1		2.83
Canadian Trust	70.7	76.4	+1.3	2.30
Mid Mount High Inc.*	48.8	51.6		9.34
Recovery	56.9	62.1	-0.1	6.71
Gilt Trust	39.8	41.7		13.91

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	51.0	55.0	+0.8	0.45
Cres. Internat'l.	[illegible]	106.2	+0.8	1.41
Cres. High. Dist.	44.2	47.7	-0.2	9.43
Cres. Reserves	52.6	56.8	+0.1	5.28
Cres. Tokyo	44.5	48.0	+0.8	0.26

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.3		9.38

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug 6	251.9	268.6	+0.3	4.96

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9		8.30
Gt. Winchester O'seas	30.8	34.2		3.40

For Eargle and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	98.2	103.3	+0.1	4.23

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	45.8	49.3	+0.4	0.40
Amer. Spec. Sits. (z)	33.2	36.4	+0.3	0.05
Gilt + Fixed Int.	22.6	23.7		13.84
Growth + Income	34.3	36.9	-0.1	6.82
Maximum Inc. Eq. Tst.	30.1	32.4	+0.2	8.51
Special Sits.	43.1	46.4	-0.1	1.52

James Finlay Unit Trust Mngt. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP.

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB.

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
17May	17N	Treas. Variable '81‡‡	99⅞	10.4	14.33	14.59
23May	23N	Exch. 12¼pc 1981‡‡	99½	16.4	12.81	13.99
15Jul	15Ja	Treas. 8½pc '80-82‡‡	97¾	8.6	8.70	15.85
15Aug	15F	Treasury 3pc '82‡‡	96xd	9.7	3.13	11.15
16S	16Mar	Treasury 14pc '82‡‡	99⅞	9.2	14.02	14.07
15D	15Jun	Treas. Variable '82‡‡	99⅝	11.5	14.36	14.66
5Ja	5Jul	Treasury 8¼pc '82	96	1.6	8.56	14.28
22Mar	22S	Exch. 9¼pc 1982	94½	13.2	9.79	14.65
5Jul	5Ja	Exch. 8¾pc 1983	94	1.6	9.31	13.72
21Aug	21F	Exch. 3pc 1983	91⅝xd	15.7	3.28	9.15
17S	17Mar	Treasury 12pc 1983‡‡	96⅝	9.2	12.45	14.56
24N	24May	Treas. Variable '83‡‡	99½	21.4	14.37	14.56
18Ja	18Jul	Treasury 9¼pc '83	93⅛	11.6	9.93	15.33
22May	22N	Exch. 13pc '83	96⅝	15.4	13.72	14.27
12Jun	12D	Exch. 10pc 1983	92¼	6.5	10.84	13.95
15Jul	15Ja	Funding 5½pc '82-84‡‡	87⅜	8.6	6.30	11.65
20Aug	20F	Exch. 11¼pc 1984	93¾xd	14.7	12.00	14.27
22N	22May	Exchequer 14pc 1984	99	15.4	14.14	14.39
19D	19Jun	Exch. 3pc 1984	81	13.5	3.70	10.90
26Mar	26S	Treasury 12pc 1984	93⅜	17.2	12.85	14.66
22Aug	22F	Treasury 15pc 1985	101½xd	16.7	14.78	14.43
22S	22Mar	Exch. 12pc Cnv. '85	92⅝	—	12.97	14.87
21N	21My	Treasury 3pc 1985	74¼	14.4	4.04	11.59
15Jan	15Jul	Treasury 11½pc 1985●	90½	—	12.71	14.73
22May	22N	Exch. 12¼pc 1985	92⅝	15.4	13.26	14.65
25 Aug.	25F	Exch. 11¾pc '86	90⅝xd	20.7	12.97	14.65
19N	19May	Treasury 3pc 1986	69	—	4.35	11.63
12D	12Jun	Treasury 12pc '86	90⅝	6.5	13.24	14.75
10Ja	10Jul	Treasury 8½pc '84-86‡‡	81¾	1.6	10.40	13.71

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	61	1.6	8.25	13.17
1M	1S	Met. Wtr. 3pc 'B'	24½xd	3.8	12.13	14.40
30J	31D	U.S.M.C. 9pc 1982	104	31.12	8.83	—
30J	31D	Do. without Warnts.	93½	31.12	9.77	17.10

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
20J	20D	FFI 14pc '83	96¼	20.5	14.31	15.06
31M	30S	FFI (UK Fn) 5½pcDb. '80-2	91½	31.3	6.15	16.18
31M	30N	Do. 6¼pcDb. '81-84	77½	31.3	8.03	15.10
11Ja	11J	Do. 10¼pc Uns.Ln. '86	86½	15.6	12.14	14.80
11Ja	11J	Do. 11pc Uns.Ln. '88	82½	15.6	13.54	15.00
11Ja	11J	Do. 11¼pc Uns.Ln. '90	83	15.6	14.40	15.80
14Mr.	14S	Do. 12¼pc Un. Ln. 1992	87½	14.3	15.11	14.85
30J	31D	Do. 7¼pcADeb. '89-92	56½	18.5	13.19	16.00
31M	30S	Do. 7¼pcADeb. '91-94	55½	31.3	13.53	15.75
31M	30S	Do. 9pc 'A' '91-94	65	31.3	14.45	15.90
22F	31A	Do. 8¾pcLn. '92-97	59½	21.7	14.92	15.80

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
January	Messina R0.50	350	[illegible]	[illegible]	4.7	7.4

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
[illegible]							
Aug.	Feb.	Cons. Murch. 10c.	220	30.6	t030c	1.8	7.5
—		††Exploura Gold	5½	—	—	—	—
—		††Hemerdon 10c.	60	—	—	—	—
—		Highwood Res.	115	—	—	—	—
—		Northgate C$1	510	977	—	—	—
Jan.	July	R.T.Z.	625	18.5	16.0	3.2	3.8
—		[illegible]	£125	19.5	Q9½%	—	8.0
—		††SPO Minerals 10p	32	—	—	—	—
—		Sabina Inds. C$1	23	—	—	—	—
—		††SVGM 10p	34	—	—	—	—
—		Tara Expln. $1	555	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES
Monday August 10 1981

Legislation on unions faces TUC opposition

By John Lloyd, Labour Correspondent

THE TUC will refuse to co-operate with any further employment legislation although it accepts that such legislation will be introduced in the next session of Parliament.

In a statement on the Government's Green Paper on union immunities circulating among union general secretaries and for presentation to Congress in September, the TUC promises "staunch and determined resistance" both to legislation based on the Green Paper and to any attempt to use the largely untested measures in the 1980 Employment Act.

The statement is the strongest position yet taken by the TUC. It would inevitably lead to a considerable strengthening of anti-government campaigns if followed through by the unions.

The statement, endorsed by the general council though still to be debated at Congress in September, is the TUC's response, awaited by Mr James Prior, Employment Secretary, to his January Green Paper. He said that no decision would be made on legislation before the TUC's reply.

The statement says: "The trade union movement will not be ready to launch voluntary initiatives for change or to co-operate with other such initiatives, when laws aimed against trade unionism are operating or are being contemplated by the Government."

In a letter to general secretaries accompanying the statement, Mr Len Murray, TUC general secretary, says: "It is now apparent that the Government intends to introduce such legislation during the next session of Parliament in November with the closed shop, union labour only contract clauses and secondary industrial action among its likely targets."

Unacceptable

He urges unions to stress to employers, "when appropriate", that both the Employment Act and further legislation are unacceptable to the union movement "and could have serious adverse effects on industrial relations — both generally and within their own companies."

He continues: "In practice, the response of many employers is likely to be very different from the stance taken by th CBI and other employers' associations and if employers could be pressed to make public the reservations they have this could prove valuable in counteracting the current momentum among employers for further legal restrictions on trade union activity."

Mr Prior, who had earlier appeared willing to let the Employment Act "bed down" for some time before introducing further legislation, has more recently reviewed his position after growing pressure from the Conservative Party, the Cabinet and from Mrs Thatcher the Prime Minister, to bring forward a Bill this year or early next.

Last month he told the Commons select committee on employment that has was considering further legislation to limit union immunities on secondary picketing and to restrict the closed shop. The Conservative majority on the select committee later called for a big cut in union immunities.

Battle looms, Page 5

Soviet fleet off Poland as Solidarity union meets

BY LESLIE COLLIT IN GDANSK AND ROGER BOYES IN BONN

SOVIET NAVAL manoeuvres took place this weekend just 30 miles north of Poland's Baltic coast as leaders of the Polish Solidarity union prepared for a crucial meeting with the Government on their confrontation over worsening food shortages.

Solidarity delegates meet in Gdansk today to decide their next moves in the conflict. Government representatives, led by Mr Mieczyslaw Rakowski, Deputy Prime Minister, have been invited to take part in the meeting, although talks between Mr Rakowski and Mr Lech Walesa, the Solidarity leader, collapsed last week with each side accusing the other of sabotaging the talks.

However, in an attempt to ease tensions, Solidarity leaders yesterday cancelled a march by the women of Gdansk to protest against the lack of food. The march had been scheduled for the eve of today's Solidarity meeting.

The naval exercises, which have included landings by marines on the Baltic coast just north of Gdansk, are expected to continue this week on an even larger scale. The fleet is believed to be the largest Soviet amphibious force ever assembled in the Baltic.

Nato countries appear to be uncertain about how to analyse the situation.

The U.S. State Department has said that the manoeuvres are not necessarily related to the current tension in Poland. But Washington is closely monitoring the exercises. West German officials support this view, stressing that the Soviet exercise bears all the hallmarks of long planning.

Marshal Viktor Kulikov, commander of the Warsaw Pact armies, this weekend made his fourth visit to Poland in a year. He conferred with Gen Wojciech Jaruzelski, Poland's Prime Minister. A communique said they discussed the combat readiness of the Polish armed forces—which were called a "reliable link" in the alliance.

Relations between Solidarity and the Polish Communist Party leadership have in the past shown a pattern of crisis followed by compromise. But this time, the pressures on the two sides to stand firm are strong, since the issues at stake are so basic—food supplies and fundamental economic reform.

Despite the implied threat of the Soviet manoeuvres, they have been largely ignored by the population in Poland, which regards the possibility of Soviet military intervention as increasingly remote.

Our correspondent in Moscow adds: After a long silence about details of the food protests sweeping Poland, the Soviet Press has begun to print lengthy accounts of the latest campaign by Solidarity. At the weekend Izvestia and Pravda described the Polish protests as "provocations" aimed at destroying the accomplishments of last month's Communist Party congress in Poland.

Pravda said the demands for more food supplies amount to a new drive by Solidarity for political power.

The Communist Party newspaper declared that anxiety about the general situation was on the increase once again among the Polish people—and by implication, at the Kremlin as well.

Clamour grows for Fair Trading inquiry on petrol price increases

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT is under increasing pressure to use little-known price control powers in the new Competition Act to investigate the petrol price rises being pushed through by the major oil companies.

The pressure is being applied by independent petrol retailers, consumer groups and MPs from rural constituencies. They want an independent investigation of the oil companies' reasons for putting up prices at a time of a world glut of oil.

Section 13 of the 1980 Competition Act enables the Government to order the Office of Fair Trading to investigate any price rises "of major public concern." The Government has made clear it will use such powers only in exceptional circumstances. Already it has rejected once an investigation into the petrol companies.

However, the latest round of price rises may make it politically-difficult to resist using the section 13 powers for the first time. The Motor Agents Association said yesterday: "It is time the OFT and the Government had a fresh look at how the oil companies arrive at their prices."

The National Consumer Council pointed out yesterday that "consumers were bemused by price rises at a time of an oil glut." It believed the latest petrol prices were of sufficient public concern to justify an investigation.

The NCC and MPs for rural areas are also concerned at the effect of the petrol price rises on people in isolated areas who rely heavily on private transport.

The problem facing the Government and OFT is whether the recent price rises justify a new investigation into the supply of petrol and, if so, how it could best be carried out.

The OFT, which has monitored the price of petrol for several years, is aware that the market conditions are unstable. The easing of the price war could be reversed quite quickly if some of the smaller petrol wholesalers decide to step up competition.

The OFT also has to bear in mind the conclusions of the Monopolies and Mergers Commission investigation in 1979, which found that the oil companies, retail practices did not operate against the public interest. Three Price Commission inquiries in 1979 also gave the oil companies a comparatively clean bill of health.

A new Monopolies Commission investigation, therefore is, considered unlikely since the situation has not altered radically since 1979. There is also no evidence of price collusion to justify action under the Restrictive Trade Practices legislation.

De Lorean plans $28m flotation

BY JOHN GRIFFITHS

DE LOREAN, the sports car venture backed by nearly £80m in UK government funds, aims to raise up to $28m (£15.6m) from the flotation in the U.S. in six weeks of an umbrella company for the operation, De Lorean Motors Holding Company.

Some 2.25m shares will be on offer at $10 to $14.50 each. The majority holding will remain in the hands of Mr John De Lorean, who will have 9.95m.

British government support for the venture is primarily in grants and loans. The Northern Ireland Development Agency has an equity holding worth £16.7m, but only in De Lorean Motor Cars, the manufacturing subsidiary in Belfast.

However, it has the right to convert this holding into shares in De Lorean Motor Company, the U.S.-owned distribution and marketing company. Under the reorganisation brought about by the flotation, De Lorean Motor Company will become a wholly-owned subsidiary of the new holding company.

One effect of the restructuring is that the British Government could find itself at an uncomfortable distance from decision-making in the U.S., although a tight, protective hedge has been thrown round the Belfast company. It must operate on an "arms length" basis with the U.S. company and must be paid for its output, irrespective of whether the U.S. operation is making profits.

The cash from the flotation will go primarily to help defray the cost—projected at $80m at current prices—of bringing a saloon car to market in 1983. A small proportion will be used to start buying out the royalty arrangements made with the private investors in the U.S. who helped to launch the project. They will be offered shares in the new company.

It is expected that De Lorean will approach the British agencies once more for help in meeting the saloon's development costs. The figure likely to be sought, however, would be much less than the $60m difference between the money raised by the flotation and total cost.

A substantial amount could be expected to come from the sale of the sports car, launched in the U.S. two months ago and selling at premiums of up to $6,000 over the $27,000 list price.

Battle looms on patent for genetic technique

By David Fishlock, Science Editor

A MAJOR legal battle is likely in the next year or two to test the strength of a U.S. patent on one of the most important techniques of "genetic engineering."

Stanford University, in Palo Alto, California, last week declared the terms under which companies can use the technique of recombinant-DNA.

This is the technique by which genetic material can be split and respliced, to create a new gene, capable of making a desired drug or chemical.

The modified gene, transplanted into a suitable host such as a bacterium, can then be cultivated by fermentation processes, the basis of all bio-technology.

Stanford, which obtained a U.S. patent on the technique last December, is asking commercial companies to make a down payment of $10,000 and to pay an annual fee of another $10,000 for non-exclusive use of its patent. But these terms could be challenged in the courts.

For companies marketing products based on the patented technique, the university is asking a royalty fee that varies from 1 per cent of net sales up to $5m to 0.5 per cent of net sales over $10m.

An advertisement for applications for licences is to appear in the British journal Nature this week, hinting at more favourable terms provided licence applications are received before December 15, 1981. University research workers can continue to use the Stanford patent without charge.

Among the companies most likely to be affected by the Stanford move are the contract research companies set up since the late 1970s to exploit genetic engineering.

Some of these companies—founded by leading scientists in the field — have obtained large research contracts and won considerable financial backing from major chemical and drug companies.

Britain's main contract research company for genetic engineering is Celltech, a joint venture between the National Enterprise Board and the City.

Initially, Celltech plans to exploit techniques of genetic engineering invented by Medical Research Council workers in Cambridge. It is marketing its first chemicals — for medical diagnosis — through Amersham International, the State-owned radio-chemicals company.

THE LEX COLUMN

Homing in on the target

Over the last six months the British monetary authorities have presided over one of the most rapid expansions of money supply in a decade. Sterling M3, which for all its inadequacies retains an important place in the Government's economic policy, has grown at an annualised rate of 17½ per cent, seasonally adjusted, over the five months since the present target period began in February. On an unadjusted basis, growth has been so fast that in order to strike the middle of the 6 to 10 per cent target range money supply must shrink slightly over the next seven months. And even these figures are flattering compared with total M3, which contains UK residents' foreign currency deposits. This rose at an annual rate of 23¼ per cent between February and June.

Since the base of the present target in mid-Febuary, sterling has been devalued by 11¼ per cent against the currencies of the UK's trading partners, and long bond yields have risen by more than 1¼ points, despite a 2 point reduction in the cost of funds supplied to the money markets by the Bank of England.

The explosive growth of the money supply over this period is of course directly related to the civil servants' strike, which delayed the collection of tax revenues and gave rise to a public sector borrowing requirement of £6.8bn in the April-June quarter alone. Early in the dispute the authorities decided not to offset the shortfall of revenue by sales of debt; instead they preferred to let money overshoot and then return to normal when the strike ended.

All the same, the authorities sold rather more debt—much of it through index-linked gilt-edged and National Savings—than would have been necessary to fund the PSBR in the absence of a strike. As a result of this relatively heavy funding, the Bank of England can still maintain that on an underlying basis, money supply growth probably remains within the target range.

This "underlying" growth of money is purely hypothetical. It is an attempt to describe what would have happened to the money stock had the civil servants never gone on strike. It should not distract attention from the actual rise in the money supply since February, which is not a statistical oddity; it is perfectly real, and it relates entirely to the period in question.

This makes it quite different from the jump in sterling M3 seen last summer when the corset controls came off, and all sorts of curious money market fictions were undone. Then sterling M3 showed growth of 5 per cent in a single month, which had in fact taken place over a long period when the published figures had been false.

Getting back on target at the end of the strike will not be as easy as claiming that, in an underlying sense, the target has never been exceeded. First of all, the August banking month is likely to show another big rise in the money stock, since large amounts of tax due in the first weeks of the month (the end of calendar July) were not collected. Moreover, the Treasury intends to pay out VAT refunds before the unpaid tax comes in. So the clawback of the excessive growth will have to be concentrated into a very short period.

Base rates

At present the authorities do not look at all keen to allow a monetary squeeze to take effect. The Bank is skilfully fighting to prevent a rise in clearing bank base rates, and the Treasury produces suave assurances that money will not be unduly tight. The recovery in corporate credit demand suggested by the July banking figures, as weaker sterling encourages stockbuilding of imported goods—is going to make the job of holding sterling M3 steady for six months rather harder. So is an inflation rate which looks to have stopped falling.

The Budget in March went to austere lengths to re-affirm the Government's commitment to its medium-term strategy. But it takes more than rhetoric to shape expectations and behaviour. Given the Bank of England's patchy record in achieving monetary targets and the extremely rapid monetary growth of the last few months, the belief that somehow this time the target will be hit must rank as an irrational expectation.

Tight conditions during the next six months might be enough to prevent the large overshoot during the first half of the target period from influencing behaviour. After all, money held on deposit which might at any moment have to be paid over in tax is not likely to be treated as an available balance. But the fall in sterling has worsened general expectations of future inflation, rightly or wrongly, and —most worryingly of all, from the point of view of the official strategy — the residential property market is showing signs of beginning to fizz, encouraged by the easy availability of clearing bank finance.

The Civil Service strike has virtually completed the job begun by the corset of discrediting the monthly UK money supply figures, and recently the exchange rate and the fortunes of M1-B in the U.S. have dominated the rather sorry fluctuations of the gilt-edged market. Over the next few months the UK money supply may become a central focus of interest once again. Bond market investors are worried about some reflation of the economy in the autumn. That is perhaps to miss the point, since the money figures show that a considerable reflation has already taken place. The question is to what extent the authorities will choose, or dare, to counteract it.

World Bank urges aid for poor countries

BY DAVID TONGE

THE WORLD BANK issued an urgent call today for Western nations to help poorer countries out of their "increasingly desperate predicament.

Major increases in aid were needed to prevent trade from growing more slowly than in the 1970s, and poverty from widening, it said.

The Bank made a forthright attack on protectionism, saying that the health of international banking depended on export prospects of middle-income countries such as Brazil.

The World Bank Development Report, published today, was slightly more pessimistic than the previous one about prospects of growth, particularly for poor African countries.

But recession in the 18 leading industrial countries had bottomed out, and recovery might begin late this year or early in 1982, it said.

Recovery would be slow. The most optimistic predictions suggest that industrial countries' growth would reach 3.6 per cent a year through the 1980s. If things went badly growth might be less than 3 per cent.

The report shows that most poor countries in South Asia and Africa could import little more at the end of the 1970s than at the beginning, despite a 25 per cent increase in population.

It warned that the world might "divide even more sharply between the haves and have-nots."

Its findings are expected to feature at next month's United Nations conference in Paris on the least-developed countries. It is likely to play a part in preparations for the summit of world leaders in Mexico in October on development.

The report said that countries such as Uganda and Zaire would grow at best by only 0.1 per cent a year in the 1980s.

At worst, per capita GNP might shrink by 1 per cent a year.

Four conditions were desirable. Increased growth in industrial countries of 3.1 per cent per head in the 1980s as against 2.5 per cent in the 1970s; controlling protectionism; increasing Western aid budgets from 0.33 per cent of GNP to 0.5 per cent; and limiting oil price increases to an average annual rate of 3 per cent.

Details, Page 13

Continued from Page One

Economic upturn report

and 11 per cent declining export orders, whereas the figure now is only 1 per cent for both types of order. This has happened at a time of substantial destocking.

There are large variations between sectors. The printing, paper and publishing industry is relatively optimistic about production and investment, as is the instrument engineering industry.

The food, drink and tobacco, minerals, metals and chemicals and office machinery sectors are still cautious, however.

A fuller indication of the national picture will come on Wednesday, when the industrial production index for June is due to be published. Manufacturing output should have been boosted between May and June by the end of disputes at BL and Ford; overall, the figures are expected by most analysts to confirm the flattening-out of the recession.

Among other economic indicators this week, the wholesale price indices (due later today), should show the impact on raw material costs of the fall in the pound against the dollar. This may be offset partly by the fall in the dollar price of oil.

Continued from Page One

British Gas pays more

the eastern portion of Leman, and with the Conoco-British National Oil Corporation group in Viking.

It said it had also negotiated with the Phillips-Arpet consortium in the Hewett Field, but that these talks were broken off as a result of a pricing dispute.

At the end of last month the Court of Appeal rejected British Gas's arguments over the basis on which the price it pays for North Sea supplies can be increased.

British Gas buys an average of about 3bn cubic feet a day, about two-thirds of its total needs, from southern gasfields. Some of these fields have been in production since the late 1960s.

To increase supply flexibility, British Gas is investing hundreds of millions of pounds into conversion of the Rough Field to a major storage facility by the mid-1980s.

In the Indefatigable Field, the other big gas discovery in the southern basin of the North Sea, extra compression facilities —costing £40m—have recently been installed after renegotiation in 1977 of a supply contract between British Gas and the Amoco-Shell consortium.

Weather

UK TODAY

DRY with some sun; light rain in Wales and NW England.

London, E and SE England, E Anglia
Dry with sunny periods. Max. 22C.

S, SW, N and NE England, Midlands, Channel Islands, Shetland
Dry, sunny later. Max. 21C.

Wales, NW England, Lake District, Isle of Man
Dry with sun at first, becoming cloudy. Max. 21C.

Borders, Aberdeen, Dundee, Edinburgh
Dry, some sunshine. Max. 19C.

SW and NE Scotland, Highlands, Glasgow, Moray Firth, Orkney
Dry at first, rain later. Max. 19C.

Argyll, NW Scotland, N Ireland
Cloudy with rain. Max. 18C.

Outlook: Dry and warm; changeable in Scotland and N Ireland.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	London	R	16	61
Algiers	F	28	82	L.Ang.†	F	18	64
Amsdm.	C	18	64	Lxmbg.	R	18	64
Athens	S	34	93	Luxor	S	39	102
Bahrain	S	38	100	Madrid	S	29	84
Barclna	C	25	77	Majorca	S	29	84
Beirut	S	30	86	Malaga	F	26	79
Belfast	C	15	59	Malta	S	32	90
Belgrd.	S	34	93	M'chstr.	C	15	59
Berlin	C	21	70	Melbne.	C	10	50
Bmghm.	C	18	64	Miami†	S	29	84
Blackpl.	S	16	61	Milan	[illegible]	25	77
Bordx.	C	22	72	Montrl.†	C	16	61
Boulgn.	C	17	63	Moscow	C	26	79
Bristol	C	16	61	Munich	R	20	68
Brussels	C	20	68	Naples	S	32	90
Budpst.	F	29	84	Nwcstl.	C	13	55
Cardiff	C	15	59	N.York†	C	22	72
Cas'b'ca	S	23	73	Nice	S	27	81
Chicg.†	S	17	63	Nicosia	S	30	86
Cologne	C	21	70	Oporto	S	28	82
Cpnhgn.	C	19	66	Oslo	F	24	75
Corfu	S	31	88	Paris	F	25	77
Denver†	R	14	57	Perth	S	17	63
Dublin	C	16	61	Prague	T	18	64
Dbrvnk.	S	28	82	Rykjvk.	C	10	50
Ednbgh.	S	17	63	Rhodes	S	29	84
Faro	F	22	72	Rome	F	30	86
Florence	F	30	86	Salzbrg.	F	23	73
Frankft	C	20	68	S'ciscot	F	12	54
Funchal	C	22	72	Stckhlm.	F	21	70
Geneva	F	23	73	Strasbg.	F	23	73
Gibrltr.	S	27	81	Sydney	S	16	61
Gl'sgow	C	16	61	Tangier	S	23	73
G'rnsey	S	17	63	Tel Aviv	S	29	84
Helsinki	F	20	68	Tenerife	S	25	77
H Kong	F	31	88	Tokyo	S	28	84
Innsbrk.	R	18	64	Toronto	S	19	66
Invrnss.	C	16	61	Tunis	S	35	95
I o Man	S	16	61	Valencia	F	28	82
Istanbul	S	30	86	Venice	S	29	84
Jersey	C	17	63	Vienna	S	28	82
L.Plms.	F	24	75	Warsaw	F	26	79
Lisbon	S	26	79	Zurich	R	17	63
Locarno	F	22	72				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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